

BRIGHTWALTON PARISH COUNCIL

INTERNAL AUDIT REPORT – APRIL 2023

Introduction

The Internal Audit was carried out in line with the Accounts and Audit Regulations 2015 (which came into force on 1st April 2015) and relevant amendments to these regulations. These Regulations are supported by the Practitioners Guide, issued by JPAG, to support the preparation by smaller authorities in England of statutory annual accounting and governance statements found in the Annual Governance and Accountability Return (AGAR).

Practitioners Guide 2023

The 2023 edition of the Practitioners Guide has had only limited changes by JPAG, the most significant being a new section 4.19 on page 26 stating that internal auditors should be aware of the National Audit Office guidance to external auditors regarding the additional work expected in respect of authorities with income or expenditure in excess of £2,000,000 and a new section 5.175 on page 52 regarding documentary evidence of permission to site assets on third-party property. Whilst the updated 2023 guidance is mandatory in respect of financial years commencing on or after 1 April 2023, it may be applied to AGAR returns covering the period 1st April 2022 to 31st March 2023.

Other changes noted in the 2023 Guide include the management of council email addresses, the treatment of accrued income, the importance of considering risks when setting reserve levels and clarification on how reinvestments of long-term investments should be treated. Further detailed information can be found on the NALC website at the following address:

<https://www.nalc.gov.uk/library/our-work/jpag/3858-practitioners-guide-changes-23-24/file> .

Reviewing Internal Audit

Authorities should on an annual basis, carry out a review of the effectiveness of their overall internal audit arrangements. It should be designed to provide sufficient assurance for the authority that standards are being met and that the work of internal audit is effective. Authorities should judge the extent and scope of the review by reference to their own individual circumstances. Such a review should take place when a new Internal Auditor and/or the Responsible Financial Officer are appointed.

Parish Councils usually appoint a small Working Party to carry out the review and report back to full council. As with any review, it should be evidence based which should, if possible, be gathered throughout the year and may include the following:

- previous review and action plan
- independence and competence of the Internal Auditor
- annual report by internal audit
- other reports from internal audit, including internal audit plan, monitoring reports and the results of any investigations
- relationships with the Clerk and the authority

- any reports by the external auditor
- the results of any other external reviews of internal control

Details on how the review could take place are set out in the Practitioners Guide.

Internal Audit

Internal audit is a key component of the system of internal control and is considered to be an ongoing function reporting to the Parish Council once a year. The purpose of internal audit is to review whether the systems of financial and other controls over a Parish Councils activities and operating procedures are effective. It is essential that the internal audit function is sufficiently independent of the other financial controls and procedures of the Council which are the subject of review.

Regulation 5(2) requires:

- (a) An officer or member of the relevant body to make available such documents and records as appear to be necessary for the purpose of audit; and
- (b) Supply the Internal Auditor with such information and explanation as is considered necessary for that purpose.

It is not a matter for the internal auditor to actively seek evidence of fraud, corruption or error. The internal auditor's role is to assist the council in fulfilling its responsibility to have and maintain proper arrangements for the prevention and detection of fraud, error or mistakes.

The internal audit is therefore based on the following two key aspects of the Council's procedures:

- ❖ Financial Regulations
- ❖ Risk Management

The Internal Audit, which took place on Wednesday 12th April 2023, is based on the Internal Audit Plan, a copy of which is attached for members' information, together with any relevant information outlined in the Practitioner's Guide. The Internal Audit Plan provides details of the Financial Regulations/Risk Management and other issues, together with the compliance checks that were carried out.

This is my first report as your appointed Internal Auditor and I would like to give my sincere thanks to Sarah Youldon, the Parish Council Clerk, for her preparation and co-operation in answering my questions and providing me with all the necessary information and documentation required to complete the audit.

Internal Audit – April 2023

As referred to above, the purpose of Internal Audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective. My investigations were risk based and included, as far as possible, examination of the council's administration and accounting procedures, such as income, payment and budgetary controls, VAT recording, claims and reconciliation, salary controls, bank reconciliation and the year-end procedures. The former included, where possible, the examination of documents,

such as minutes and contracts, together with the Financial Regulations, Standing Orders, Policies and Procedures and the Members Code of Conduct.

I found the administration and procedures of the Council to be carefully planned, controlled and well documented with reports being presented to the Council as deemed appropriate. In addition, the Minutes provide a very factual and comprehensive record of the Council's activities with a clear indication of who is responsible for follow-up action. The actions of the Clerk continue to provide a very reliable system producing comprehensive and informative minutes and reports, tight budgetary controls and a clear and concise audit trail. The ongoing administration of the tender documents and contracts, where applicable, continues to be well documented and monitored.

The following is a summary of the issues identified which I feel should be drawn to Councilors' attention, none of which, in my opinion, affect the final outcome of the Internal Audit.

Asset and Investment Control/Register

The Council is required to maintain an asset and investment register and in respect of the latter this is recognized and confirmed as the Council's Business Premium Account. The Clerk continues to monitor the Council's bank balances on a regular basis. The total monies held at 31st March 2023 are significantly higher than last year, being £23,934 versus £12,280 at 31st March 2022. This increase is due to funding having been received for a Community Co-ordinator, a position that has recently commenced. In view of the information provided, I am therefore satisfied that the Council has adequate but not excessive reserves or balances.

The existing Asset Register, having been reviewed by the Clerk was presented to and approved by the Council at its meeting on 16th May 2022. The Clerk monitors the Register on a regular basis with any additional assets obtained being reported to and approved by the Council during the current financial year. Assets that are no longer in use or that have been disposed of are noted, but **I would recommend that the disposal date is also noted to provide a clear audit trail.**

Insurance

My examination confirms that the insurance cover is adequate and sufficient but needs to be kept under review in the light of any significant changes or additions to the Council's assets etc. The current insurance term is due for renewal on 1st July 2023, although I note that this is part of a long-term insurance agreement active until 1st July 2027.

Budget Estimates 2022/2023 and Precept

The 2023/2024 Budget Estimates and the Council's Precept, in the sum of £7,753, were approved by the Council at its meeting on 16th January 2023.

During the year, CIL funds were appropriately used to improve the community infrastructure of the parish by contributing to new cricket nets and climbing frame works.

Risk Management

The greatest risk is not being able to deliver the activity or services expected of a Council. I therefore examined the Minutes and found no evidence to suggest that risks are not being identified and managed. It is noted that the current Risk Management Assessment was presented to and approved by the Council at its meeting on 16th May 2022. This is an area that should be reviewed on a regular basis.

Revision of Financial Regulations (FR) and Standing Orders (SO)

It is noted that, having been reviewed by the Clerk, the Council's SO and FR were approved and adopted by the Council at its meeting on 16th May 2022. The Clerk continues to review both documents and, if required, amend documents to reflect any changes in legislation; these will be presented to future Council meetings for consideration, approval and adoption. If there are no significant changes in legislation, the next review should be presented to the Council at its meeting May 2023 for approval and adoption.

Members Code of Conduct

The current Code of Conduct for Members, was reviewed and presented to and approved by the Council at its meeting in May 2022.

The LGA developed and approved the revised Model Councillor Code of Conduct 2020 on 3rd December 2020 (updated 19th January 2021 & 17th May 2021). This was in response to the recommendations made in the 2019 report by the Committee on Standards in Public Life and in response to rising local government concern about the increasing incidence of public, member-to-member and officer/member intimidation and abuse, overall behavioral standards and expectations in public debate, decision making and engagement. This revised Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Although the Parish Council's current Code of Conduct (as noted on the website) predominantly covers the same principles as the 2020 Code, **I would recommend that Councillors consider adopting the revised 2020 Code**, as it provides more specific guidance. For example, regarding 'Application of the Code of Conduct', the current Code of Conduct at point 2.1 states, "This Code of Conduct applies to you as a member of this Council when you are acting or purporting to act in your role as a member and you have a responsibility to comply with the provisions of this Code." Whereas, the revised 2020 Code states the following:

"This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.”

Policies and Procedures

The Councils existing Policies and Procedures, having been reviewed by the Clerk, were presented to and approved by the Council in May 2022 when it was noted that no amendments are required to the existing documents. The Clerk will continue to review and present revised documents, amended to reflect any changes in legislation and/or regulations and present revised documents to future meetings of the Council for consideration and approval.

ROSPA Playground Inspection

The playground was inspected by ROSPA and their report was reviewed by Councillors at the meeting on 16th May 2022. This identified some areas requiring work to be carried out, which were completed during the year.

Brightwalton Millennium Green Trust

Where a Council acts as sole managing trustee for a trust or trusts, to warrant a positive response to this assertion the Council needs to have made sure that it has discharged all of its responsibilities with regard to the trust’s finances. It is noted that the financial transactions do not form part of the Council’s accounts and as such are not included in the figures reported in Section 2 of its Annual Governance and Accountability Return as referred to in paragraph 2.29 of the Guide.

The Council meets twice a year as Sole Trustee for the Brightwalton Millennium Green Trust in line with the Trustee Agreement. It is noted that there is a separate bank account, financial records with minutes of meetings being recorded and filed separately. In addition, the Charity Commission Annual return is also completed and returned usually in September.

Having inspected the bank records, minutes and other associated documents and reviewed the entry on the Charity Commission website, I am satisfied that the Council, in their capacity as the sole managing trustee, has discharged their accountability responsibility for the fund(s)/assets in line with the requirements of the Charity Commission’s Regulations and no matter in respect of the Dunmore Pond has come to my attention that requires further investigation and report to the Parish Council.

Internal Audit Statement 2023

I am satisfied that the Parish Council has put in place safe and efficient arrangements and maintains robust controls on payments as an integrated part of the overall financial control system.

Subject to the comments above and agreed actions, I am therefore pleased to report that no matter has come to my attention that requires further investigation and report to the Parish Council or that gives me reasonable cause to believe that the requirements for adequate control and monitoring as outlined in the regulations have not been met. In addition there are no matters that have come to my attention, concerning the effectiveness of the system of internal control, to which members' attention should be drawn.

In conclusion I consider that within the Parish Council, the management of processes by the Clerk and Councillors continues to be well controlled and monitored.

Signed: *Jacqueline A J Clack*
Jacqueline A. J. Clack
Internal Auditor

Date: 12th April 2023