DKE AUDIT SERVICES

INTERNAL AUDITOR

Specialist provider to Parish and Town Councils

Warndon Parish Council

Internal Auditors assessment for the completion of the AGAR Part 3 – Financial Year 2023-24

1. Introduction

I have concluded the Council's annual independent internal audit. I am therefore able to complete the Annual Internal Audit Report (AIAR) 2023-24 which forms part of the Annual Governance and Accountability Return (AGAR).

My internal audit considers the evidence available to assess if the Council has effective systems and control arrangements in place for the areas examined. In examining these arrangements focus has been placed on sample testing compliance with a number of the Council's key governance 'rules', its management of risk, and its financial controls. Consideration is given to the size and scope of activities undertaken by the Council.

The internal audit is undertaken during the financial year in order to review and test the systems and controls operating during that year. The internal audit report details the findings at the time of the internal audit review. For the year-end financial statements, a cursory inspection is carried out to verify there are no significant financial management or control matters that may impact on the AIAR assessments made at the time of the internal audit review. The internal audit should inform, it is not designed to offer assurance over the completion of the AGAR sections 1 & 2, responsibility for the accuracy of these submissions' rests with the Council.

The internal audit is not designed to identify all weaknesses in the Parish Council's systems but, it is a sample examination of systems and of testing those systems and controls. Where weaknesses are identified during the internal audit process, which impact on governance and internal control, recommendations are made.

The responsibility for the prevention and detection of fraud, error and non-compliance with the law or regulations rests with the Council. The internal audit should not be relied upon to disclose all material mis-statements or frauds, errors, or instances of non-compliance, as may exist.

As the Councils appointed internal auditor, I confirm that I am independent of the Council.

2. Summary

In the section below I have recorded my AIAR responses and offered some comments by way of explanation for these. Members need to be mindful that this assessment is of systems and control during 2023/24 to the time of the audit review.

During the internal audit review no significant control issues or non-compliances have been identified; therefore, I can give a positive response to each of the areas covered by the AGAR (internal auditors section), that apply to the Parish Council apart from section M, where a publication requirement in relations to the 2022-23 AGAR was not met. There are no recommendations that impact on the internal auditors AIAR control assessment; some observations to aid process have been made for consideration.

3. Internal Audit Assessment

The table below follows the format of the AGAR (AIAR), for each section questions have been answered with supporting evidence provided which has been examined and assessed.

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
A. Appropriate accounting records have been properly kept throughout the financial year.	**Yes**
The Council has put in place effective procedures to accurately and promptly record all financial transactions, it has maintained up to date accounting records throughout the year, together with all necessary supporting information. Payments and receipts are recorded in the accounting software. Copy invoices or appropriate evidence are held on file to support transactions. The cashbook is up to date, the financial position, payments and receipts are reported to the Council monthly, payments are approved, and all are recorded in the minutes. The minutes are formally approved and initialled. Quarterly accounting checks are undertaken by Members. An effective overall internal control environment operates.	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved VAT was appropriately accounted for.	**Yes**
Financial Regulations and Standing Orders have been reviewed. Based on a sample examination of a number of payments selected from the cashbook confirmation was gained that payments have been made in accordance Financial Regulations and that payments are supported by appropriate evidence. There are effective links and controls between the order of goods, works and services and the payment, with transaction being properly and promptly recorded in the cashbook. The payments have been properly approved and VAT has been appropriately accounted for. The Clerk has delegated payment powers to an agreed limit, there is a sound retrospective approval process for payments made in advance of the next Council meeting.	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
Effective management and control over the Council's bank accounts and its investments are present. In the past two years internal audit reports reference was made to the annual grant to the Lyppard Hub which is £35500 (xx% of the Councils annual expenditure). The references related to the arrangements which demonstrate the funds awarded delivered the measurable outcomes desired by the Council. It is understood there is an annual review of the agreement terms with the Hub and stronger links between the grant and the desired outcomes feature – demonstrating the effective use, through the grant, of public funds for community benefit.	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	**Yes**
The Council has a risk management policy that includes risk assessment and risk control arrangements. The Council's risk register includes control arrangements and frequency of review where appropriate. The insurance policy covers the areas expected for a Parish Council and the assets (for which there is an Asset Register) – the value of insured assets has been reviewed and agreed. IT arrangements have been discussed; these were reviewed in the previous year and an IT support contract resulted. Overall, there is effective IT and data control arrangements operating. The 'Cloud' data management arrangement offers access to the Council's computer held records along with security. All files and data held on the Councils laptop hard drive are backed up automatically to OneDrive (through Microsoft 365), this process includes the backup of data files from the Rialtas (accounts) and HM Govt RTI (PAYE and salary etc) systems. The IT security arrangements were confirmed as appropriate, being the same as reported last year. The Council has considered the risk of data management and control, including the need to ensure all information can be accessed to ensure an accurate and complete response to any Freedom of Information request. External specialist support is being obtained to draft suitable policies covering such areas.	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	**Yes**
The budget covers all of the Councils activities, income sources and expenditure, and these are included in all budget monitoring reports. An effective budget setting process operates that identifies the funding need based on services and commitments. The precept has been set in accordance with the agreed and approved budget requirement.	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
Budget monitoring is by budget monitoring reports presented at Council meetings. The Council has a Reserves Policy. The Council has identified earmarked reserves (for specific projects and specific projected costs) with the balance being held as general reserves. As identified in last year's internal audit report the current general reserves are greater than the minimum set in the policy (60% of its coming years expenditure which is in line with the JPAG guidance). The Council should be mindful that the upper level of general reserves should not become excessive. The Council has few earmarked reserves. The rational for holding reserves should be stated ideally as part of budget setting. Observation - the Council is required to formulate a three-year forecast (3.1. The Finance committee shall review its three-year forecast of revenue and capital receipts and payments). There is reference to this forecast in the Reserves Policy. Ideally, the budget forecast, and the requirement and plan reserves, should stem from the Council's three-year strategic plan that sets the Councils aims and ambitions.	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	**Yes**
The Council receives limited income beyond the precept. The Council manages an allotment site and confirmation was obtained that fees are reviewed annually and evidence provided show the billing process ensures income due is collected. Receipts are reported to the Council as is the progress on any outstanding debts. Assurances that expected income is received occurs through the budget monitoring process. The Council do not raise fees that attract VAT.	
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	**Not Covered (no Petty Cash)**
The Council does not operate a petty cash system.	
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	**Yes**

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
The salary payable to the Parish Clerk has been approved by Members. Actual payments are in accordance with agreed terms and relevant employment related deductions are made. Employer liabilities have been paid. During the current year that Council has agreed the Clerks pension arrangements, arrears of pension have been approved and paid.	
H. Asset and investments registers were complete and accurate and properly maintained.	**Yes**
The Council has an asset register which is periodically reviewed by Members (last reviewed in May 2022). The asset register should be updated at the time of the purchase or disposal of an asset, ensuring the value falls in the current accounting. Assets are properly maintained; reference has been made earlier to evidencing the inspection of assets. The Council has placed funds in an investment account, this is evidenced and periodically reviewed.	
I. Periodic bank account reconciliations were properly carried out during the year.	**Yes**
Evidence shows that statements reconciling each of the Council's bank accounts with its accounting records been undertaken and presented on a regular basis, and these have been reviewed and agreed by Members.	
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	**Yes**
The accounting statements have been prepared on the correct accounting basis (receipts and payments). The accounting process as reviewed is effective and appropriate; the accounting statements agree to the cash book and are supported by an adequate audit trail from underlying records. Members review payments and receipts each meeting, periodic accounting checks are undertaken and recorded, and the bank reconciliation is checked. There is adequate evidence to show both the Parish Clerk and Members ensure effective financial control. Note – In April 2024 a cursory review was undertaken of the year end accounts and the draft AGAR accounts statement. This did not identify any matters to change the assessments made at the audit visit.	
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt *(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered").*	**Not Covered**

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
The Council did not certify itself as exempt in 2022/23 and therefore had a limited assurance review of its AGAR.	
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	**Yes**
The Clerk has confirmed that the Council is aware of, and publishes, the information required by legislation. The Council has a Publication Scheme which details the information available and how it can be accessed. Transparency principles are followed. At the time of the audit the expected financial information was available on the Councils website.	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	**No**
The Councils website holds a copy of the notice of public rights as required by the Accounts and Audit Regulations, however the period of the notice is for 30 calendar days rather than the 30 working days required.	
N. The authority has complied with the publication requirements for the 2022/23 AGAR *(see AGAR Page 1 Guidance Notes).*	**Yes**
The Council complied with the 2022-23 publication requirements**.**	
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	**Not Applicable**
The Council (as a body) is not the Trustee of a charity.	

Other Areas

Internal Control areas and Internal Audit comments
Review of the implementation of recommendations or improvement opportunities from the previous year's Internal and External Audit Reports
From last internal audit report (2022-23) None.

From last external audit report (2022-23) External Audit questions were resolved, and the comment in relations to section M above has been noted.
Any other matters arising during the internal audit review not covered above
None

The draft version of this report was discussed and agreed by the Parish Clerk.

The internal auditor wishes to acknowledge the support and assistance provided by the Parish Clerk during the internal audit review.

Duncan Edwards

Internal Audit undertaken on 23 January 2024

Duncan Edwards (2023/24 internal audits)