

Internal Audit

Horspath Parish Council

Year Ending 31 March
2023

Internal Auditor: Lisa Wilkinson

Summary Checklist Report

This internal audit report is based upon the Practitioners' Guide to Governance and Accountability for Smaller Authorities.

Internal Audit Summary Checklist Report for Horspath Parish Council

Year Ending: 31 March 2023

Name of Council	Horspath Parish Council	Name of Clerk to the Council	Hayley Kogel
No. Of Councillors	11	Name of RFO	Hayley Kogel
Quorum	3	Precept (for audit year)	£45,000
Electorate	1129	Gross budgeted income	£-

1. Book-Keeping			Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes	The accounts are kept manually and then summary accounts are shown on an Excel spreadsheet..
1.2	Arithmetic correct?	Yes	Checks of the accounting confirmed that the cashbook arithmetic was correct. Recommend that the Excel spreadsheet is used to carry out the calculations (training may be required on Excel). This reduces risk of incorrect arithmetic.
1.3	Evidence of internal control?	Yes	<ul style="list-style-type: none"> Internal audit Risk assessment Financial Regulations
1.4	VAT evidence, recording and reclaimed?	Yes	The Council is able to recover VAT through the Local Authorities and Similar Bodies Scheme. A claim for repayment of VAT was made for the period of 1/3/2022-31/3/2023 for £3658.23.
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes	See Detailed schedule in Compliance Testing Report. All payments are minuted. Recommend a phrase is added to each to the minutes, such as ‘ the payments were approved and will be authorised (or cheques signed) by Cllr and Cllr’ It is important to know who authorised the payments for an audit trail.
1.6	Is GPC expenditure separately recorded and within statutory limits?	No Yes	See S137 notes 3.8
1.7	Is GPC expenditure of direct benefit to the electorate?	Yes	All S137 expenditure incurred in the current financial year was in respect of activities relevant to the parish.

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2. Due Process			Comments & Recommendations
2.1	Standing Orders adopted and reviewed?	Yes -	The Council reviewed the Standing Orders in January 2023. The latest version is being used. Recommend that the Standing Orders are tailored to meet the specific needs of the Council (ensure all information in [] brackets is inserted/ deleted as relevant)
2.2	Financial Regulations adopted?	Yes	Last review was January 2023 as minuted.
2.3	Equal Opportunities policy adopted?	No	
2.4	RFO appointed?	Yes	Hayley Kogel is the RFO.
2.5	List of member's interests held?	Yes	The clerk holds the list of member's interests as required.
2.6+	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	The clerk prepares and signs the council meeting agenda, which lists matters for discussion and is posted on the Council's website and on notice boards three clear days in advance of the meetings
2.9	Purchase orders raised for all expenditure?	Yes	Most orders for goods and services are made by or confirmed by email.
2.10	Purchasing authority defined in Financial Regulations?	Yes	As per Financial Regulation 11.1i: 'When it is to enter into a contract less than £5,000 in value for the supply of goods or materials or for the execution of works or specialist services other than goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 2 quotations (priced descriptions of the proposed supply); where the value is below £2,500 and above £1,000 the Clerk or RFO shall strive to obtain 2 quotations. Otherwise, Regulation 10 (3) shall apply'.
2.11	Legal powers identified in minutes and/or ledger?	No	Recommend legal powers are recorded on invoices.
2.12	Committee terms of reference exist and have been reviewed?	No	HR committee is the only committee in operation at the end of the financial year. Recommend terms of reference are drawn up for this committee. Please note that all committees are subject to the same transparency rules as Council meetings i.e. agendas published 3 clear days in advance and open to the public (with the exception being for items classed as sensitive (such as awarding of contracts/HR matters).

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3. Risk Management			Comments & Recommendations
3.1	Does a scan of the minutes identify any unusual financial activity?	Yes	<p>Minutes are prepared for all meetings of the Council. Council minutes are available to view on the Council's website.</p> <p>May 2022 minutes item 12/22 – this minute reads that council expenditure to Stylo was made without council approval. Please refer to the financial regulations – all payments must be agreed by majority at a council meeting. Payment can then be made at a subsequent council meeting, when specified on the agenda (and in the minutes) and approved by 2 signatories. The RFO is responsible for all payments and they must not be made by councillors unless specifically minuted first.</p> <p>The Proper Officer raised this at the time but the council chose not to follow her advice. The clerk assures me that due to a change in council, this will not happen again.</p>
3.2	Is a risk assessment carried out?	Yes	<p>The Council has a formal risk assessment in place covering many of the areas of risk the Council may be faced with. Currently due to be reviewed in June 2023. This needs to be reviewed annually.</p> <p>Recommend that financial control is added – financial regulations, standing orders, internal audit etc</p> <p>Recommend that the questions posed under Control Measures are answered when the risk assessment is reviewed.</p>
3.3	Is Insurance cover appropriate and adequate?	Yes	<p>The level and range of insurance cover (£10m public) appears to be adequate for the size of the Council.</p>
3.4	Evidence of annual insurance review?	Yes	<p>The insurance is renewed annually in June. The Clerk undertakes a review of insurances prior to renewal to ensure that best value is obtained in respect of service levels and premiums. A 3-year long term agreement ends in June 2023.</p>
3.5	Internal financial controls documented and evidenced?	Yes	<p>Stipulated in the Standing Orders, Financial Regulations and Risk Assessment and minutes</p>
	Review of effectiveness of internal control	Partially	<p>The clerk has stated that this was not carried out for this financial year. However, many of the topics were discussed at the November 2022 finance committee meeting. The review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following:</p> <ul style="list-style-type: none"> • the scope of internal audit; • independence;

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			<ul style="list-style-type: none"> • competence; • relationships with the clerk and the authority; and • audit planning and reporting.
3.6	Minutes initialled, each page identified and overall signed?	Yes	Minutes of all Council meetings are signed by the meeting chair and dated. Items are referenced by unique numbering system.
3.7	Regular reporting and minuting of bank balances?	No	Recommend bank balances are presented to Council at each meeting.
3.8	S137/GPC expenditure minuted?	No	Minuting of S137 payments is a legal requirement. Recommend S137 is added to the relevant payments in the minutes and a column must be added to the accounts.

4. Budget		Comments & Recommendations	
4.1	Annual budget prepared to support precept?	No	A budget must be prepared to inform the precept process.
4.2	Has budget been discussed and adopted by Council?	No	
4.3	Any reserves earmarked?	Yes	CIL payment has been kept separate in the accounts
4.4	Any unexplained variances from budget?	No	An interim budget was prepared in August 2022 showing actual and forecasted figures.

4. Budget		Comments & Recommendations	
4.5	Precept demand correctly minuted?	Yes	The precept demand of £45,000 was forwarded to SODC by the deadline and minuted January 2022.

5. Payroll - Clerk		Comments & Recommendations	
5.1	Contract of employment?	Yes	
5.2	Tax code issued	Yes	
5.3	PAYE/NI evidence?	Yes	
5.4	Has Council approved the salary paid?		

5. Payroll - Clerk		Comments & Recommendations	
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5.5	Other payments reasonable and approved by Council?	Yes	
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6. Payroll - Other			Comments & Recommendations
6.1	Has a pension been offered?	Yes	Nest Pension scheme in place
6.2	Does the Council have employers' liability cover?	Yes	£10,000,000
6.3	Tax code(s) issued?	Yes	
6.4	Minimum Wage paid?	Yes	
6.5	Disciplinary, Grievance & Complaints procedures in place?	No	

7. Asset Control			Comments & Recommendations
7.1	Does the Council keep a register of all material assets owned?	Yes	
7.2	Is the asset register up to date?	Yes	
7.3	Value of individual assets included?	Yes	
7.4	Inspected for risk and health and safety?	Yes	As per risk assessment.
7.5	Land and Building asset register?	No	Included in asset register

8. Bank Reconciliation			Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes	The Council holds the following bank accounts, all of which were operating at the start of the financial year;
8.2	Reconciliation carried out on receipt of statement?	Yes	
8.3	Any unexplained balancing entries in any reconciliation?	No	

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8.4	Is the bank mandate up to date?	Yes	Reviewed in October 2022. If the PC only requires 1 signatory, please add this to the financial regulations as this is a risk that you need to ensure you have covered.
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9. Year-End Procedures		Comments & Recommendations	
9.1	Year-end accounts prepared on correct accounting basis?	Yes	Day to day and year-end accounts are prepared on a Receipts & Payments basis.
9.2	Bank statements and ledger reconcile?	Yes	Accounts approved by Council 9/5/2023
9.3	Underlying financial trail from records to presented accounts?	Yes	Payments are listed in monthly minutes. Monthly bank reconciliations are carried out. Recommend that names of councillors who authorise minutes/sign cheques are minuted. They also sign the invoices and cheque stubs to maintain an audit trail.
9.4	Where applicable, debtors and creditors properly recorded?	N/A	
9.5	Has Council agreed, signed and minuted sections 1 & 2 of the AGAR (Annual Return)?	Yes	For year 2021-22, the AGAR was signed and minuted by Council on 03/5/2022. It is essential that the Annual Governance statement is agreed and signed first followed by the Accounting Statements. Please ensure that the minutes for May 2023 make clear that this process is carried out with different references.

10. Miscellaneous		Comments & Recommendations	
10.1	Have points raised at the last internal audit been addressed?		

10. Miscellaneous		Comments & Recommendations	
10.2	Has the Council adopted a Code of Conduct since July 2012?	Yes	Adopted June 2022
10.3	Is eligibility for the General Power of Competence properly evidenced?		N/A
10.4	Are all electronic files backed up?	Yes	Stored at the clerk's home. Physical records stored at the village hall
10.5	Do arrangements for the public inspection of records exist?	Yes	Clerk has given her assurance that a process is in place. A publication scheme is mandatory and must be published. The Information Commissioner's Office provides a template for this.

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11. Charities			Comments & Recommendations
11.1	Charities reported and accounted separately?	Yes	
11.2	Have the Charity accounts been separately audited?	Yes	.
11.3	Have the Charity accounts and Annual Return been filed within the legal time limits?	Yes	

12. Burial Authorities			Comments & Recommendations
12.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?	Yes	Volunteer acts as the Burial Ground manager
12.2	Are fees levied in accordance with the Council's approved scale of fees and charges?	Yes	Fees were reviewed in April 2023
12.3	Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly?	Yes	
12.4	Do all interment of ashes have a certificate of cremation?	Yes	
12.5	Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	Yes	Recommend that the Proper Officer stores the official records and has access to burial registers. It is usual for burial authorities to issue a Certificate of Exclusive Rights to the next of kin on purchase of the plot. This certificate states to whom the plot belongs and the length of time set by the Council (no longer than 100 years at a time). These certificates can be bought in a book which enables the Council to keep duplicate copies.

13. Income Controls			Comments & Recommendations
13.1	Is income properly recorded and promptly banked?	Yes	
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The precept was received in the following instalments and recorded in the accounts: April 2022: £22,500 (50% of annual precept). September 2022: £22,500 (50% of annual precept) The total precept received was £45,000 as per the SODC notification
13.3	Are security controls over cash adequate and effective?	Yes	No cash is received.

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14. Petty Cash			Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	N/A	No petty cash is used
14.2	Is petty cash expenditure reported to Council?	N/A	
14.3	Is petty cash reimbursement carried out regularly?	N/A	

15. Accessibility/Transparency			Comments & Recommendations
15.1	<p>Are the following documents published on the website as per Transparency Code 2015:</p> <ul style="list-style-type: none"> • All items of expenditure above £100 • End of year accounts • Annual governance statement (section 1 AGAR) • Annual Accounting Statement (section 2 AGAR) • Explanation of variances • Internal audit report • List of a councillor or member responsibilities • The details of public land and building assets • Minutes, agendas and meeting papers of formal meetings • Notice of Public Rights 	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>All councillors are responsible for all aspects of council work Recommend publishing asset register</p> <p>The minutes need to be published within a month - so should be published as draft minutes in the first instance. Dates for last year did not include first 10 working days of July.</p> <p>Recommend (accessible) pdfs are uploaded to website rather than word documents as they can be edited.</p>
15.2	Is the website accessible as per The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018?	Yes	
15.3	Has an Accessibility Statement been published on the website?	Yes	https://horspathparishcouncil.org/accessibility-statement/

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16. Freedom of Information/GDPR			Comments & Recommendations
16.1	Is the Council registered with ICO?		No payment listed for this financial year. This has subsequently been set up.
16.2	GDPR: Freedom of Information scheme Data Protection policy Retention and Disposal of Documents policy Privacy Notice	No Yes No No	FOI scheme must be published. Recommend Retention and Disposal of Documents policy is adopted in line with GDP Regulations. Example policies can be provided or found on the OALC website if desired. Website link to privacy notice leads to Accessibility statement. Model privacy notice can be found on OALC website.
15.3	Are the above documents published on the Council's website?	No	

17. Publication requirements for the prior year AGAR			Comments & Recommendations
17.1	Does the 'Public Notice' for the previous year clearly identify the statutory 30 working day period when the Authority's records are available for public inspection.	No	Notice of public rights did not include first 10 working days of July
17.2	Has the Council minuted the relevant dates at the same time as approving the AGAR?	No	Recommend that these are minuted.
17.3	Has the authority complied with the publication requirements for the prior year AGAR?	Yes	

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<u>Check No.</u>	<u>1</u>	<u>2</u>	<u>3</u>
<u>Transaction type</u>	Purchase invoice	Purchase invoice	Purchase invoice
<u>Supplier/Customer</u>	Robert Gray	Demarcation	Horspath Cricket Club
<u>Invoice/Transaction No.</u>		230118.003	202210
<u>Invoice/Transaction date</u>	2/6/2022	18/01/2023	30/06/2022
<u>Goods/services supplied</u>	Grass cutting	Architect fees	Grass cutting
<u>Ledger date</u>	?	?	?
<u>Item/Budget heading</u>	Mower/stripper/tract or costs	Projects	Grass cutting Recreation Ground
<u>Ref/cheque No.</u>	BACS	BACs	BACs
<u>Authorised by</u>	?	?	?
<u>Delivery evidence</u>	Clerk confirmation	Clerk confirmation	Clerk confirmation
<u>Payment minute ref</u>	05/08/2022	07/02/2023	02/08/2022
<u>Payment value</u>	308.50	1500	2380
<u>Bank Statement value</u>	308.50	1500	2380
<u>Payment Date</u>	10/06/2022	31/01/2023	05/07/2022
<u>Timely payment</u>	Yes	Yes	Yes
<u>VAT recorded</u>	N/A	N/A	N/A
<u>GPC recorded in ledger</u>	N/A	N/A	N/A
<u>GPC minuted</u>	N/A	N/A	N/A
<u>Notes</u>	Cllr authorisation needs to be minuted Payment to be made after authorisation at council meeting unless emergency authorisation in place	Cllr authorisation needs to be minuted Payment to be made after authorisation at council meeting unless emergency authorisation in place	Cllr authorisation needs to be minuted Payment to be made after authorisation at council meeting unless emergency authorisation in place
<u>Pass</u>			

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Any further comments

The overall internal audit assurance rating is: ADEQUATE

Please minute names of cllrs who sign cheques/online banking. Each invoice should also be initialled by them to produce an audit trail.

Recommend that GDPR policies and procedures are adopted and reviewed at least every 2 years. The annual meeting in May is a good place to do this.

FOI scheme must be published: https://ico.org.uk/media/for-organisations/documents/1266/parish_council_information_guide.doc

Please prepare and formally adopt an annual budget as this is an essential part of financial control.

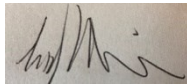
Please make yourself familiar with the Transparency Act. This informs you of documents that must be publicly available.

<https://www.gov.uk/government/publications/local-government-transparency-code-2015>

Please note that receipt of this report must be minuted before the AGAR parts 1 & 2 are signed. Recommendations contained in this report must also be minuted. Subsequent actions that meet these recommendations can then be minuted as part of the effectiveness of internal control review which should take place before the end of 2023.

Acknowledgments

The help and co-operation of Hayley Kogel, clerk/RFO to the Council is much appreciated by the internal auditor.

Internal audit carried out by	(signed)	(print)
		Lisa Wilkinson
Audit type (delete as appropriate)	INTERIM ANNUAL	
Date 9/6/2023		

For internal auditor's use only

Part 3 of Annual Return form completed and signed	10/6/2023
Internal audit report/letter sent to Council	10/6/2023

Section 2: Compliance Testing Report for Horspath Parish Council Year**Year Ending: March 2023**

2022/23 ANNUAL RETURN		Year Ending 31 March 2022	Year Ending 31 March 2023
1	Balances brought forward	10553	19870
2	Annual precept	40000	45000
3	Total other receipts	4422	18321
4	Staff costs	10634	37405
5	Loan interest/capital repayments	0	0
6	Total other payments	24471	35874
7	Balances carried forward	19870	9912
8	Total cash and investments	19870	9912
9	Total fixed assets and long-term assets	550194	550194
10	Total borrowings	0	0
11	The Council acts as a sole trustee for and is responsible for managing Trust funds or assets	Yes	Yes