

# FALDINGWORTH PARISH COUNCIL

## Internal Audit Report.

This audit report is to read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return.

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

**The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.**

I have completed a thorough audit of Faldingworth Parish Council primarily limited to systems and procedures and financial balancing. I have not undertaken an in depth audit of the accounts but would be happy to do so if required.

From what I have seen I do not consider that such an audit is necessary.

### **PREVIOUS AUDIT**

Concern was raised with the payroll process which has now been brought into order together with VAT being outstanding which has now been brought up to date.

S137 payments were not being analysed correctly and further advice has been given to the Clerk.

Several policies have not been reviewed since the last audit.

### **TRANSPARENCY**

All requirements are met.

### **ACCOUNTING**

The Council use a basic spread sheet cash book system which is more than suitable for the number of transactions handled and is easy to use.

There have been no cash payments made. Cash receipts are taken and a cash handling policy is in place for such transactions.

Section 137 payments should be recorded separately (poppy wreath should be S137).

Some reports show personal names and these should be redacted to comply with GDPR requirements.

Payments and bank reconciliations are reported to Council at each meeting.

It doesn't appear that the actual spend is monitored against the budget and this should be undertaken at least quarterly.

*Recommendations:*

*S137 payments analysed separately.*

*Redact any personal information (names) from reports.*

*Review actual spend against budget at east quarterly.*

## **GOVERNANCE AND DUE PROCESS**

Agenda's correct and available.

Minutes correct and available.

Standing Orders and Financial regulations were last reviewed in July 2021. Policies should be reviewed annually and a new model Standing orders and Financial regulations have been issued with changes to procurement levels.

Terms of Reference are not available for the Staffing Committee.

List of Members Interests are available on the website and held by the Clerk.

Acceptance of Office Declarations are held by the Clerk.

There is no Scheme of Delegation and little evidence of internal audit. A Scheme of Delegation and Internal Control Policy would be recommended.

GDPR Policy was last reviewed in January 2022. There is no Publication Scheme which is a legal requirement to have one in place.

Fixed assets have been reviewed.

*Recommendations:-*

*Standing Orders need to be reviewed*

*Financial Regulations need to be reviewed*

*Terms of Reference for the staffing committee require adopting.*

*Publication Scheme requires adopting.*

*Would recommend a Complaints Policy, Scheme of Delegation and Internal Control Policy be adopted.*

## **RISK MANAGEMENT**

No unusual activity identified within the minutes.

Insurance has been reviewed and appropriate.

The Risk Assessment/Policy is thorough and last reviewed in November 2021 – requires review.

Bank balances are reported to meetings.

Bank mandate is currently under review with a change of bank. Cheques are still used which incurs costs and I understand one of the reasons for switching banks. I would be cautious of swopping banks for this reason as there are inherent problems in switching banks. Banks are slowly fading out the use of cheques and many suppliers do not accept cheques. Additional costs are also incurred by posting cheques and delays in getting them signed and cashing cheques

I would encourage you to consider switching to online banking. This not only provides instant access to account information but allows immediate payments which not only keeps suppliers happy but also enables the RFO to maintain an accurate set of accounts rapidly.

It would in my opinion be a false economy to switch banks hoping to save money in fees.

The Clerk operates an adequate back up system for files.

## **BUDGET**

Appropriate budget process completed in setting the precept.

Reserves adequate.

## **PAYROLL**

External provider handles payroll and inline with HMRC requirements.

## **ASSET CONTROL**

Asset register has been reviewed.

## **BANK RECONCILIATIONS**

The bank account is reconciled regularly and report to each council meeting.

## **YEAR END PROCEDURES**

No areas of concern.

Annual return correctly signed and submitted in previous year.

Notice of Public Rights correctly published.

## **SUMMARY**

Other than the recommendations with some policies being brought up to date and a few of new policies the Council is managed well.

I'd also like to thank the Clerk for her co-operation and supplying information required to complete the audit in a prompt manner.

Carl Thomas

12<sup>th</sup> May 2023