

Internal Audit East Farndon Parish Council Year Ending 31 March 2024

Internal Auditor: Patricia Greaves

Summary Checklist Report

This internal audit report is based upon the Association of Local Councils recommended checklist, introduced in 2016, in conjunction with the Practitioners' Guide to Governance and Accountability in Local Authorities.

CONFIDENTIAL

Internal Audit Summary Checklist Report for East Farndon Parish Council Year Ending: 31 March 2024

| | | | |
|------------------------------|--------------|-----------------------------------|-----------------|
| Name of Council | East Farndon | Name of Clerk to Council | Caroline Burton |
| Number of Councillors | 7 | Name of RFO (if different) | |
| Quorum | 3 | Precept for audit year | £11,955 |
| Electorate | 270 approx. | Gross budgeted income | |

| 1. Book-Keeping | | | Comments & Recommendations |
|-----------------|---|-----|--|
| 1.1 | Ledger maintained & up to date? | Yes | The accounts are balanced and are up to date to the financial year-end. |
| 1.2 | Arithmetic correct? | Yes | Checks of the cashbook and other accounts confirm arithmetically correct. |
| 1.3 | Evidence of internal control? | Yes | Risk assessment policy; regular bank reconciliation; regular reporting at council meetings |
| 1.4 | VAT evidence, recording and reclaimed? | Yes | The Council is able to recover VAT through the Local Authorities and Similar Bodies Scheme. VAT charged is separately recorded in the cashbook. A claim for repayment of VAT is made annually. Claim for 2023/23 fell into this financial year. |
| 1.5 | Payments in the ledger supported by invoices, authorised & minuted? | Yes | All payments are supported by appropriate invoices, correctly authorised and minuted. |
| 1.6 | s S137 expenditure separately recorded and within statutory limits? | Yes | The appropriate sum for parish councils for the purposes of section 137(4)(a) of the Local Government Act 1972 for 2023/4 was £9.93 per elector as at 1 April 2023; East Farndon had 263 electors at that date, so the maximum s137 spending allowable is £2,611.59. S137 expenditure of £430.44 is within statutory limits. |
| 1.7 | Is S137 expenditure of direct benefit to the electorate? | Yes | All S137 expenditure incurred in current financial year was in respect of activities relevant to the parish. |

| 2. Due Process | | | Comments & Recommendations |
|----------------|--|-----|---|
| 2.1 | Standing Orders adopted since 2010? | Yes | Standing Orders adopted on 8 January 2019. |
| 2.2 | Standing Orders reviewed at Annual Meeting? | Yes | Standing Orders were reviewed at the Parish Council Annual Meeting on 17 May 2023. |
| 2.3 | Financial Regulations adopted? | Yes | Financial Regulations adopted on 26 September 2018. |
| 2.4 | Financial Regulations properly tailored to Council? | Yes | Appropriate financial limits adopted. |
| 2.5 | Equal Opportunities policy adopted? | Yes | Equal Opportunities policy adopted on 26 September 2018. |
| 2.6 | RFO appointed? | Yes | The Clerk is also the RFO. |
| 2.7 | List of member's interests held? | Yes | WNC maintains the list of member's interests. |
| 2.8 | Agendas signed, informative and displayed with 3 clear days' notice? | Yes | Agendas are signed, displayed with a minimum of 3 working days on the village hall notice board and website. |
| 2.9 | Purchase orders raised for all expenditure? | Yes | Financial Regulations determine how commitment to purchase is made (see 2.3). Most orders for goods and services are made by or confirmed by email. |
| 2.10 | Purchasing authority defined in Financial Regulations? | Yes | |
| 2.11 | Legal powers identified in minutes and/or ledger? | No | The applicable legal power for unusual expenses are noted in the accounts, and it is the responsibility of the Clerk to ensure that the Council applies the correct legal power. |
| 2.12 | Committee terms of reference exist and have been reviewed? | Yes | The Parish Council has two sub-committees – the Staffing Committee with terms of reference adopted on 28 November 2018, and the Burial Ground Committee with amended terms of reference adopted on 20 May 2021. These were both reviewed at the Parish Council Annual Meeting on 17 May 2023. |

| 3. Risk Management | | | Comments & Recommendations |
|--------------------|---|-----|---|
| 3.1 | Does a scan of the minutes identify any unusual financial activity? | No | Minutes are prepared for all meetings of the Council and no unusual financial activity was found in the minute review. Council minutes are available to view on the village website. |
| 3.2 | Is an annual risk assessment carried out? | Yes | The Council has a formal risk assessment policy in place and it was last reviewed by the Council on 17 May 2023. |
| 3.3 | Is Insurance cover appropriate and adequate? | Yes | The Council standard insurance for a Parish Council. |
| 3.4 | Evidence of annual insurance review? | Yes | Insurance was reviewed at the Parish Council Annual Meeting on 17 May 2023, and again in November 2023, following a revaluation of assets for insurance purposes. |
| 3.5 | Internal financial controls documented and evidenced? | Yes | Financial control procedures are operated and documented, including dual signing of invoices/cheques, regular bank reconciliations signed by Councillors and reporting of all expenditure at meetings. |
| 3.6 | Minutes initialled, each page identified and overall signed? | Yes | Minutes of all Council meetings are initialled by the chair of the meeting. Each page of the minutes is identified by a unique page number reference and all minutes are signed by the meeting chair and dated. |
| 3.7 | Regular reporting and minuting of bank balances? | Yes | Bank balances are presented to Council at each meeting as part of the financial reporting and are minuted. |
| 3.8 | S137 expenditure minuted? | Yes | All expenditure is minuted. |

| 4. Budget | | | Comments & Recommendations |
|-----------|---|-----|---|
| 4.1 | Annual budget prepared to support precept? | Yes | A detailed budget is prepared annually by the Clerk. |
| 4.2 | Has budget been discussed and adopted by Council? | Yes | Expenditure compared to budget is regularly reviewed at meetings, and the budget for 2023/24 was discussed on 16 November 2022 and agreed on 18 January 2023. |

| 4. Budget | | | Comments & Recommendations |
|-----------|--|-----|---|
| 4.3 | Any reserves earmarked? | Yes | As at 31 March 2024, the Council has earmarked reserves of £9,613.83 for work in village (costs to maintain the Churchyard/Burial Ground, renovation of the village spring, War Memorial maintenance and Fixed Asset spending). |
| 4.4 | Any unexplained variances from budget? | No | All explained as per the Annual Return and year-end financial reports. |
| 4.5 | Precept demand correctly minuted? | Yes | Precept demand for 2023/24 minuted on 18 January 2023. |

| 5. Payroll - Clerk | | | Comments & Recommendations |
|--------------------|--|-----|--|
| 5.1 | Contract of employment? | Yes | Contract of employment agreed on 26 September 2018. |
| 5.2 | Tax code issued/contracted out? | N/A | As the Clerk earns less than £116 a week and does not have another job or get a pension, the Parish Council does not need to operate a PAYE scheme. |
| 5.3 | PAYE/NI evidence? | N/A | |
| 5.4 | Has Council approved the salary paid? | Yes | The Clerk is paid gross, monthly, on submission of an invoice supported by a record of the hours worked. Any changes to the clerk's remuneration and contract are approved by the Council. The Clerk's salary is approved within the setting of the annual budget. |
| 5.5 | Other payments reasonable and approved by Council? | Yes | Other specific business and out of pocket expenses incurred by the Clerk are claimed at the same time as the claim for remuneration by the Clerk. |

| 6. Payroll - Other | | | Comments & Recommendations |
|--------------------|---|-----|---|
| 6.1 | Contracts of employment? | N/A | The Clerk is the sole employee of the Parish Council. |
| 6.2 | Does the Council have employers' liability cover? | Yes | Limit of Indemnity is £10,000,000. |

| 6. Payroll - Other | | | Comments & Recommendations |
|--------------------|---|-----|---|
| 6.3 | Tax code(s) issued? | N/A | |
| 6.4 | Minimum Wage paid? | Yes | The Clerk's salary exceeds the minimum wage. |
| 6.5 | Disciplinary, Grievance & Complaints procedures in place? | Yes | Disciplinary and Grievance policy adopted on 26 September 2018, and Complaints policy adopted 8 January 2019. Both were last reviewed on 18 May 2022. |

| 7. Asset Control | | | Comments & Recommendations |
|------------------|--|-----|---|
| 7.1 | Does the Council keep a register of all material assets owned? | Yes | The Clerk is responsible for maintaining the asset register. |
| 7.2 | Is the asset register up to date? | Yes | The asset register was up-to-date as at the end of the financial year. |
| 7.3 | Value of individual assets included? | Yes | |
| 7.4 | Inspected for risk and health and safety? | Yes | Councillors inspect the village assets and report back to the Council as necessary. The last inspection took place on 22 August 2023. |

| 8. Bank Reconciliation | | | Comments & Recommendations |
|------------------------|---|-----|---|
| 8.1 | Is there a bank reconciliation for each account? | Yes | The Council holds following bank accounts, all of which were operating at the start of the financial year: Lloyds Treasurers Account - main account used for cheque payments, bank statements received monthly Lloyds Business Bank Instant Account - interest bearing savings account, bank statements received monthly The Clerk is responsible for preparing regular bank reconciliations and reports the balance on each account to each meeting of Council. |
| 8.2 | Reconciliation carried out on receipt of statement? | No | The reconciliation is carried out every two months, as there are so few transactions - a total of 81 transactions in 2023/24, of which 36 relate to street lighting electricity paid by direct debit monthly. |

| 8. Bank Reconciliation | | | Comments & Recommendations |
|------------------------|--|-----|--|
| 8.3 | Any unexplained balancing entries in any reconciliation? | No | |
| 8.4 | Is the bank mandate up to date? | Yes | Bank mandate last reviewed on 17 May 2023. |

| 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 and Payments basis. |
| 9.2 | Bank statements and ledger reconcile? | Yes | A full reconciliation of bank statements to the cashbook as at 31 March 2024 has been prepared. |
| 9.3 | Underlying financial trail from records to presented accounts? | Yes | The accounting system provides a satisfactory audit trail to the underlying financial records. |
| 9.4 | Where applicable, debtors and creditors properly recorded? | N/A | |
| 9.5 | Has Council agreed, signed and minuted sections 1 & 2 of the Annual Return? | | Due to be signed on 15 May 2024. |

| 10. Miscellaneous | | | Comments & Recommendations |
|-------------------|--|-----|---|
| 10.1 | Have points raised at the last internal audit been addressed? | Yes | Bank Mandate was updated in May 2023. |
| 10.2 | Has the Council adopted a Code of Conduct since July 2012? | Yes | Code of Conduct reviewed and adopted on 8 January 2019. |
| 10.3 | Is eligibility for the General Power of Competence properly evidenced? | Yes | This was checked when councillors were appointed. |

| 10. Miscellaneous | | | Comments & Recommendations |
|-------------------|---|-----|--|
| 10.4 | Are all electronic files backed up? | Yes | All files are on Cloud storage. |
| 10.5 | Do arrangements for the public inspection of records exist? | Yes | A notice is placed on the village board and the website. |

| 11. Charities | | | Comments & Recommendations |
|---------------|--|-----|--|
| 11.1 | Charities reported and accounted separately? | N/A | The Council is not a managing trustee, nor involved in the administration of any charity (it is only the Custodian Trustee of the Village Hall Committee). |
| 11.2 | Have the Charity accounts been separately audited? | N/A | |
| 11.3 | Have the Charity accounts and Annual Return been filed within the legal time limits? | N/A | |

| 12. Burial Authorities | | | Comments & Recommendations |
|------------------------|---|-----|---|
| 12.1 | All money received corresponds with the number of burials/cremations recorded and memorial permits issued? | Yes | The burial receipts correspond with the burials recorded in the Register of Public Graves. All monies received in connection with the Burial Ground are listed separately in the accounts, with supporting documents in a paper burial ground file. |
| 12.2 | Are fees levied in accordance with the Council's approved scale of fees and charges? | Yes | Scale of fees and charges are on the Parish website |
| 12.3 | Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly? | Yes | There is a manual Register of Public Graves maintained, plus an electronic burial ground map kept on cloud storage. Both are updated as and when necessary. |
| 12.4 | Do all internment of ashes have a certificate of cremation? | Yes | |

| 12. Burial Authorities | | | Comments & Recommendations |
|------------------------|--|-----|---|
| 12.5 | Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved? | Yes | Contained within the paper burial file. |

| 13. Income Controls | | | Comments & Recommendations |
|---------------------|--|-----|--|
| 13.1 | Is income properly recorded and promptly banked? | Yes | The majority of income in 2023/24 (comprising the precept, bank interest, VAT refund, War Memorial Fund donations, and Section 50 Licence fee refund) was received electronically. In 2023/24, the Parish Council did receive two War Memorial Fund donation cheques and records show these were banked promptly. All income is properly recorded. |
| 13.2 | Does the precept recorded agree to the Council Tax authority's notification? | Yes | The precept was received electronically from WNC in 2 instalments of £5,977.50 each on 28 April 2023 and 29 September 2023. |
| 13.3 | Are security controls over cash adequate and effective? | Yes | The Clerk is responsible for receiving, balancing, authorising and banking any cash and cheques received. Security controls for cash appear to be adequate and effective. |

| 14. Petty Cash | | | Comments & Recommendations |
|----------------|--|-----|--|
| 14.1 | Is all petty cash spent recorded and supported by VAT receipts where applicable? | N/A | The council does not operate any petty cash floats. Any small expenditure items incurred will normally be paid personally by the Clerk, which is then reimbursed through the Clerk's expense claim with supporting invoices. |
| 14.2 | Is petty cash expenditure reported to Council? | N/A | The expenditure claim from the Clerk will be presented to Council for approval as part of the normal expenditure approval process. |
| 14.3 | Is petty cash reimbursement carried out regularly? | N/A | The expense claim from the Clerk for reimbursement of out of pocket expenses is submitted together with the Clerk's claim for contractual services provided i.e. as Clerk/RFO. |

| Any Further Comments |
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| Internal Audit Carried Out By: | |
|--------------------------------|-------------------------|
| Signature | <i>Patricia Greaves</i> |
| Name | Patricia Greaves |
| Date | 9 April 2024 |