Leicestershire and Rutland ALC IAS

Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Scalford Parish Council		
Name of Internal Auditor:	Hannah Shaw	Date of report:	23/04/24
Year ending:	31 March 2024	Date audit carried out:	23/04/24

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 in order 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 proper practices referred to in Accounts and Audit Regulations are set out in JPAG Practitioners Guide. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed.

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.

To the Chairman of the Council:

Overview and Observations

In accordance with the terms of my engagement, I undertook a review of Scalford Parish Council's accounts, records, policies and procedures for the financial year ending 31st March 2024, following which I completed and signed the Annual Internal Audit Report, of the Annual Governance and Accountability Return 2023/24 Form 3.

Through a virtual meeting with the Clerk and by inspection of information publicly accessible via the Council's website, I was able to review aspects of the Council's systems including payroll, bank reconciliations, risk management, Council owned assets, budgetary control and the Exercise of Public Rights.

Scalford Parish Council has 6 seats (3 quorum) and employs one member of staff, Chris Hill, who is the Clerk and Responsible Financial Officer to the Council and Registrar for Burials, working 9 hours per week. There are no committees and all matters are dealt with at Parish Council meetings.

The Council banks with Unity Trust Bank which has a two Councillor authorisation facility for payments set up by the Clerk/RFO. Full Council authorise payments at Parish Council meetings and up-to-date bank statements are presented, whereby they are reconciled, approved and signed by a Councillor. All receipts and most payments are detailed on Council meeting agendas and minutes; however, I would recommend also minuting bank balances.

The Council have been using their own system for recording income and expenditure on a Receipts and Payments basis and all transactions are updated on a very comprehensive spreadsheet by the Clerk/RFO. However, I am told the Council have now subscribed to the Scribe accounting system from 01/04/24. VAT reclaims are claimed annually depending on the level and are up-to-date and payroll is outsourced to The Goldcroft Partnership. The Council are registered with the Pensions Regulator having re-enrolled in 2023 and there is a good Statement of Internal Control in place to protect the Council from financial risk, which was reviewed and updated in May 2023.

Scalford Parish Council does not hold General Power of Competence. Section 137 payments are within the limits set for the 2023/2024 financial year, however, there were some S137 payments relating to charitable donations, which had not been identified as such in the cash book or minutes. As discussed with the Clerk/RFO, it is good practice to record the Legal Power of Expenditure against each transaction within the accounts, the minute reference of the approved expenditure and the minute reference of the approved payment. I believe this will be actioned in the forthcoming year now the Council subscribe to Scribe, as this is built in to the accounting software.

Scalford Parish Council has public and employer's liability insurance arranged through BHIB until 11th August 2024 on a 3-year agreement and the current year's insurance certificates are published to the Council's website. I believe the level of cover would be sufficient for the Council's needs.

The Council owns and maintains various areas of land, including two allotment sites, playing field, the Cemetery, a closed Churchyard and many items of street furniture, as detailed in the Assets Register published to the Council's website. The asset register now stands at £160,732, an increase of £1,594 on the previous year, following the purchase of a new climbing wall for the park. It is important that inspection checks of the playing field and of Parish Council owned street furniture are kept on record and suggest minuting the dates of inspections and any matters arising.

With regards to the Cemetery, the Clerk/Registrar informs me that burial records are kept, maintained and are up-to-date, however, there are some historic records which cannot be located at this time. The Clerk/Registrar was also unaware of the requirement to carry out a plaque check prior to interment and completion of the Green Form. I have suggested attending the LRALC Churchyard & Cemetery Management course as soon as possible. The only available date for this training is on 4th June 2024. Please contact LRALC for further details.

Agendas and minutes of Parish Council meetings are available to view on the Council's website. Minutes are published within the required 28-day period and are marked as draft until being confirmed and signed by the Chairman at the following meeting and agendas include a publication date. With regards to the Exercise of Public Rights and following last year's recommendation, the dates upon approval at a Parish Council meeting are now minuted.

The Council has various policies available to view on their website including Equal Opportunities, Complaints, Data Protection, Data Breach and a Financial Reserves policy, all of which were reviewed and updated at the May 2023 Annual Parish Council Meeting. I would again recommend consideration be given to adopting a Health and Safety policy. I would also advise reviewing the Council's current Risk Assessment to include business continuity.

I have seen evidence that adequate budgetary controls are in place and having read through previous minutes of Council meetings, the Council set a budget for the 2023-24 financial period, in preparation for approving the precept at the increased amount of £20,000.

Scalford Parish Council continue to carry forward high financial reserves of £49,079 however, approximately £38k of these funds remain earmarked for works to a railway line abutment where a bridge once stood and is now at risk of collapse. The Council also plan on further LED conversion of Parish Council owned streetlights. General reserves would therefore, be at the lower end of the recommended guide of 3 to 12 month running costs. Based on the Council's expenditure during the 2023-2024 financial year, there is approximately 3 months running costs in general reserves. It would be wise for the Council to carefully monitor general reserve levels moving forward, in line with their Financial Reserves Policy.

Councillor Declarations of Interests are still not published to the Council's website and I would advise publishing the following link to Melton Borough Council's website which contains the relevant documents. https://www.melton.gov.uk/your-council/councillors-and-committees/parish-councillors-interests/

During a transaction spot check, I was presented with clearly signed and authorised receipts and invoices of expenditure, however, there were two minor discrepancies whereby two payments had not been minuted for approval at a Council meeting and one payment which had been recorded incorrectly in the minutes. Following an explanation given to me by the Clerk, I accept these mistakes were by simple error and does not reflect usual practice, in what are otherwise well-maintained accounts.

Upon review of the internal audit carried out for the 2022/2023 financial period, various recommendations were made as outlined in the table below, some of which remain outstanding and are carried forward.

Additionally, in accordance with the proper practices outlined in the JPAG Practitioners' Guide 2024, paragraphs 5.210 – 5.219, Scalford Parish Council, should give due consideration in the next year to migrating over to a .gov.uk domain for their website, including all Council email accounts. Specifically, paragraphs 5.210 to 5.212 state:

"5.210. All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name. Note that Parish meetings are exempt from the requirement to have a website.

5.211. To assist with compliance with the General Data Protection Regulations (GDPR), it is advised that clerks provide official .gov.uk email accounts to their councillors, which must only be used for official council business.

5.212. When choosing a domain name all councils must follow the rules set out by the Cabinet Office to choose a .gov.uk domain name, for example, 'ourparishcouncil.gov.uk' with email addresses linked to that domain."

With regards to this recommendation, the Government Cabinet Office has secured funding to help councils with the initial cost of setting up a .gov.uk domain. This is a discount of £100 + VAT which is applied at the point of purchase by those Approved Registrars taking part in the Parish Council Domains Helper Service. This funding is limited to helping a maximum of 1,000 councils with their move to a .gov.uk domain and is offered on a first-come first-served basis. Current funding will run until March 2025.

Summary

The report and findings are based on the information that was made available to me during the course of the audit. I am satisfied there are good internal control measures in place to protect the Parish Council from financial risk.
To the best of my knowledge, all accounts and bank balances appear to be in order and accurate based on the information to hand, however, this internal audit does not involve the detailed inspection of all records and transactions of the Parish Council in order to detect error or fraud.
With many thanks to, Chris Hill, Clerk and RFO, for preparing the necessary documentation for the purpose of this internal audit.

Have comments from the internal audit 2022-2023 been addressed?

Recommendation 2022-2023	Comment
Councillor Register of Members' Interests - Suggest publishing a link to Councillors' Register of Members' Interests forms on MBC's website.	**No** – Not actioned
Exercise of Public Rights - Suggest minuting the dates for the Exercise of Public Rights upon approval at a Parish Council Meeting.	**Yes** - Completed
Legal Power of Expenditure and payment minute references - It is good practice to record the Legal Power of Expenditure, the minute reference of the approved expenditure and the minute reference of the approved payment in the cash book.	**No** - Not actioned, however, the Council have moved to the Scribe accounting system from the 2024/2025 financial year and will use the available functions within the software to do this. Ensure S137 payments are recorded as such and are minuted.
Minutes - Ensure all payments are detailed accurately within Parish Council meeting minutes.	**No** – Minor inconsistences between the cash book and minutes.
Policies - Consider adopting a Health and Safety Policy	**No** – Not actioned
Reserves - Monitor reserves in line with Council's own Financial Reserves Policy.	**Yes** – Earmarked reserves bring the general reserves to the lower range of 3-12 months running costs. Continue to monitor.
Risk Assessment - Suggest inclusion of business continuity within the Council's Risk Assessment.	**No** – Not actioned

Areas in the 2023-2024 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked

	Reason
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Recommendations for action 2024-2025

Areas for consideration or improvement	Recommendation
Bank Balances	Recommend minuting bank balances.
Cemetery – plaque checks	Recommend Clerk/Registrar attends Churchyard and Cemetery Management Course.

Councillor Register of Members' Interests	Suggest publishing a link to Councillors' Register of Members' Interests forms on MBC's website.
Inspections	Recommend formally minuting dates of park and street furniture inspections.
Legal Power of Expenditure and payment minute references	It is good practice to record the Legal Power of Expenditure, the minute reference of the approved expenditure and the minute reference of the approved payment in the cash book.
Minutes	Ensure all payments are detailed accurately within Parish Council meeting minutes.
Policies	Consider adopting a Health and Safety Policy.
Reserves	Monitor reserves in line with Council's own Financial Reserves Policy.
Risk Assessment	Suggest inclusion of business continuity within the Council's Risk Assessment.
Website	Consider migrating to a .gov.uk domain as advised in the JPAG Practitioners' Guide 2024, including all Council email accounts.

Yours sincerely,

Mrs. Hannah Shaw
Internal Auditor to the Council
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2023	**Year ending 31 March 2024**
1. Balances brought forward	47,083	53,530
2. Annual precept	18,000	20,000
3. Total other receipts	35,494	12,179
4. Staff costs	6,676	7,989
5. Loan interest/capital repayments	0	0
6. Total other payments	40,371	28,641
7. Balances carried forward	53,530	49,079
8. Total cash and investments	53,530	49,079
9. Total fixed assets and long-term assets	159,138	160,732
10. Total borrowings	0	0