

Annual Internal Audit Report 2022/23

STILLINGFLEET PARISH COUNCIL

www.stillingfleetparishcouncil.org

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")</i>	✓		
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.	✓		
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 <i>(during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR <i>(see AGAR Page 1 Guidance Notes).</i>	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

08/04/2023

Name of person who carried out the internal audit

Carrie Pillow - Elkerlodge Bookkeeping

Signature of person who carried out the internal audit



Date

08/04/2023

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

				<u>Banks Accounts</u>	<u>o/b</u>	<u>c/b</u>	<u>Opening Balance Check</u>		<u>Closing Balance Check</u>	
1 Balances Brought Forward	21,933.00	22,012.70	-79.70		16,892.22	8,559.97	O/B Bank Statement	22,012.70	C/B Bank Statement	8,803.41
2 Precept or Rates and Levies	5,000.00	5,000.00	0.00	138938080	5,120.48	243.44	O/B Cashbook	22,012.70	* C/B Cashbook	8,803.41 *
3 Total Other Receipts	42,999.00	42,999.40	-0.40		22,012.70	8,803.41		0.00		0.00
4 Staff Costs	2,597.00	2,596.91	0.09				unpres payments at Y/E		* unpres payments at Y/E	*
5 Loan Interest/Capital Repayment	0.00	0.00	0.00				unpres receipts at Y/E		* unpres receipts at Y/E	*
6 All Other Payments	58,592.00	58,611.78	-19.78				should be Zero	0.00	should be Zero	0.00
7 Balances Carried Forward	8,803.00	8,803.41	-0.41	<u>Activity Check</u>			<u>Receipts Check</u>		<u>Payments Check</u>	
8 Total Cash and Short Term Investments	8,803.00	8,803.41	-0.41	O/B Cashbook	22,012.70		rec in CB	47,998.44	* Total Exp in Year	61,208.69 *
				Total Receipts in Yr	47,999.40		interesy on NS&I	0.96	*	
				Total Exp in Year	61,208.69		Total Receipts in Yr	47,999.40	Salarie in the Year	2077.71 *
							Less Precep	5,000.00	Milage All	*
					8,803.41				Paye in Yr	519.2 *
				C/B Cashbook	8,803.41		Total Other Receipts	42,999.40	Total Staff cost	2,596.91
				should be Zero	0.00				Other Exp on CB	58,611.78

Elker Lodge Bookkeeping Services Internal Audit Service - Checklist for Year Ending 31 March 2022

Name of Council	Stillingfleet Parish Council	
No. of Councillors	9	
Name of Clerk:	Ruth Swales	
Precept	5000	
Transparency Band < 25,000		
£25,000 -£200,000	X	
>£200,000		

AGAR certificate reference	Internal Audit action for expected controls	Y/N	Comments
A. Appropriate accounting records have been properly kept throughout the year. AND I. Periodic bank account reconciliations were properly carried out during the year.	Ensure the correct roll forward of the prior year cashbook balances to the new financial year	✓	Records all in order, straightforward to audit,
	Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained	✓	action plans in place, for the year ahead.
	Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members	✓	
	Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.	✓	
	Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	n/a	
Bookkeeping	General Power of Competence (GPC) eligibility is properly evidenced?	No	
	CILCA Certificate seen / 2/3 of Councillors elected	No	
	Expenditure Legal powers identified in minutes and/or cashbook? Only applicable if no General Power of Competence	✓	
	S137 separately recorded and within limits?	✓	
	S137 expenditure of direct benefit to electorate?	✓	
	S137 expenditure minuted	✓	
	Financial Regulations properly tailored to council?	✓	
	Purchasing authority defined in Financial Regulations?	✓	
	Financial Risk / Internal Controls Checklist – evidence of random checks	✓	
	Financial risk Assessment - Annual - Process / team working / random Checks, doc in minutes	✓	
	Adequate internal controls for payments? Including adequate arrangements for BACS payments, direct debits and standing orders? Split Roles	✓	
	External Audit - has council correctly declared itself exempt from? If so which return	n/a	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.	✓	
	Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents)	✓	
	Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payments	✓	
	Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments providing for evidencing of these checks and payment authorisation	✓	
	Check that VAT reclaim is prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements	✓	
Budget / Reserves	Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place	n/a	
	Annual budget to support precept? Calculated expenses less income not inc precept – not just a % inflation increase – suggests council is not responsive.	✓	
	Has budget been discussed and adopted by council? In minutes	✓	
	Precept demand to invoicing authority correctly minuted? In Full Council nor Committee minutes	✓	
	Is there a grant element of Precept. I.e YCC / instead S106 - MHCLG Precept Data	✓	
	Budget against spend comparisons provided regularly to the Council with bank reconciliation.? In minutes	✓	
	Any reserves earmarked?	✓	
	Level of general reserves within Proper Practice? ie between 3 and 12 months running costs	✓	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Any unexplained variances from budget?	✓	
	Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc.	✓	
	Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security	✓	
	Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation	✓	new play area
	Review the effectiveness of internal control carried out by the authority	✓	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable	✓	
	Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances	✓	
	Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances	✓	
	Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process	✓	
	Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts	✓	
E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Review 'Aged debtor' listings to ensure appropriate follow up action is in place	n/a	
	Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	n/a	
	Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)	n/a	
	Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised	n/a	
	Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time	n/a	
	Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income	n/a	
	Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked	✓	
F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area	not held	
	Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc)	not held	
	Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held	not held	
	Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held	not held	
	Ensure that VAT is identified wherever incurred and appropriate	not held	
	Physically check the petty cash and other cash floats held	not held	
	Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings	not held	

G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.		Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract	✓	Note Pay has been reviewed recently, continue to review regularly, its not easy to keep good clerks, this councils clerk has presented excellent records for audit
		Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	✓	
		Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours	✓	
		Ensure that appropriate tax codes are being applied to each employee	✓	
		Where free or paid for software is used, ensure that it is up to date.	✓	
		For the test sample of employees, ensure that tax is calculated appropriately	✓	
		Check the correct treatment of Pension contributions	✓	
		For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers allowance is not available to councils but may be used by other authorities	✓	
		Ensure that the correct employers' pension percentage contribution is being applied	✓	
		Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.	✓	
H. Asset and investment registers were complete and accurate and properly maintained. This section/assurance should be extended to include loans to or by the authority	Tangible Fixed Assets:	Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets	✓	
		Physically verifying the existence and condition of high value, high risk assets may be appropriate		
		Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement	✓	
		Additions and disposals records should allow tracking from the prior year to the current	✓	
		Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals	✓	
	Fixed asset	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self insured" by the Authority	✓	
		Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at section 2, line 9.	n/a	
		Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	n/a	
		Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt	n/a	
		Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5	n/a	
Assets	Borrowing and Lending:	Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified via the DMO website)	n/a	
		Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt	n/a	
		Inspected for risk and up to date inspection records exist	✓	
		Record of deeds, articles and land register references available?	✓	
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.		Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at <u>section 2 of the AGAR</u> reflects the detail in the accounting records maintained for the financial year. Consequently, IAs should	✓	
		Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein	n/a	
		Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end	n/a	
K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.		As should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)	n/a	
		the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline	n/a	
		that it has been published, together with all required information on the Authority's website and noticeboard	✓	
L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with any relevant transparency code requirements		This test applies only to those councils covered by the £25,000 <u>External Audit exemption</u> (As should) review the Authority's website ensuring that all required documentation is published in accordance with the <u>Transparency Code</u> .	✓	
		<u>Web Page - Clarity</u>	✓	
M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.		As should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.	✓	
		As may also check whether councils have minuted the relevant dates at the same time as approving the AGAR	✓	
N. The authority complied with the publication requirements for the prior year AGAR.		As should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.	✓	
O. Trust funds (including charitable) - the Council met its responsibilities as a trustee		Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements	✓	
		that the council is the sole trustee on the Charity	✓	
		Commission register - that the council is acting in accordance with the Trust deed	✓	
		that the Charity meetings and accounts recorded separately from those of the council	✓	
		review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report	✓	
Risk Management (Financial)		Does scan of minutes reveal any unusual activity?	no	
		Fidelity insurance cover appropriate and adequate? Balance at 31/3 plus 50% of precept	✓	
Transparency / Internal Controls		Is the Council exempt from external audit – Annual turnover <25K	NO	
		Is the Council compliant with the Transparency Code for Smaller Authorities?	✓	
		Minutes listed on website from April 2015		
		APM & APCM Minutes listed on website from Apr 2015	✓	
		Annual Parish Meeting - APM - Not a PC meeting, so must be separate	✓	
		Annual Parish Council Meeting - APCM good practice for APCM to be a separate meeting	✓	
		Minutes initialled, each page identified and overall signed?		
		Minutes include Bank Balance	NO	this needs to be minuted
		Minutes include payments reviewed & Agreed	✓	
		End of Year Accounts listed on website from y/e 31/3/2016	✓	
		Internal Auditor Reports listed on website from y/e 31/3/2016	✓	
		Have points raised at the last Internal Auditor been addressed?	✓	
		External Auditor Reports / Audited Agar listed on website from y/e 31/3/2016	✓	
		Asset Register listed on website from April 2015 Check 3.1	NO	needs to go on web
Due Process & Policies		A list of councillor responsibilities		
		arrangements for public inspection of council's records exist? Dates when they were open – 30 working days including 1st 10 working days of July	✓	
		ICO licence - ICO Model Publication Scheme 2014	✓	
		Has the Council done a data audit ? Remove personal information	✓	
		Notice of meeting displayed with 3 clear working days' notice in a conspicuous place	✓	
		Summons signed, and issued to councillors with agenda, with 3 clear days' notice? ? Agenda used	✓	

Item No	Section	Comments	To check on audit	Version	YLCA Doc Properties	Status	Ref	Y/N or N/A
1	Standing Orders	NALC Model * To note SR for contracts thresholds	1	Ver 2 April 2022	04/05/2022	AR/BP/ SR*		Yes
2	Financial Regulations	NALC Model 2019 - updated 2022 (Contracts)	1	2022	05/09/2022	SR	1	Yes
4	Code of Conduct	New LGA Code of Conduct 2021, endorsed by NALC All local councils are required to adopt a Code of Conduct.	1	2021	21/05/2021	SR	3	Yes
11	Members' Registers of Interest	A complete set of up-to-date registers of interest for all current councillors (copy held by Monitoring Officer), and on the website of the local council.	1			SR	4	NO
13	Declarations of Acceptance of Office	Should be stored for the term of office plus one year	1			SR	5	
	Declarations of Acceptance of Office / Chair	Should be stored and renewed ever 12 months	1			SR		
17	Co-option Policy		1		18/09/2019	BP		Yes
18	Terms of Reference for committees		1			BP		Yes
22	Privacy Notices: General	Part of NALC GDPR Toolkit	1	2021	31/05/2022	SR		Yes
	Privacy Notices: for employees, councillors, volunteers.	Part of NALC GDPR Toolkit	1	2021	31/05/2022	SR		No
23	Data Audit	A data audit should be kept of all data recorded and stored by the council.	1			SR		Yes
24	Data protection/information security policy - GDPR	Nalc Model A policy describing how the council intends to discharge its duties under GDPR. Examples available from YLCA	1		31/01/2020	BP		Yes
27	Complaints procedure	Requirement of FOIA. (NALC LTN9)	1		13/12/2018	SR		Yes
	Recording Policy	not in list	1		16/09/2019	BP		No
31	Website Accessibility Statement	Sets out what web site content is and isn't accessible and how users can contact the council for assistance	1			SR	12	No
68	Schedule of charges & fees for council information (see 21)	Publication scheme for charges and fees must be included on the council's website	1			SR	19	See Notes
69	Reserves Policy	The Practitioners Guide provides information regarding reserves,	1			BP		No
80	Grievance procedures	NALC Model . (LTN 22) Guidance is provided in the form of the ACAS Code of Practice on Discipline and Grievance.	1		30/01/2020	BP		Yes
81	Disciplinary procedures	NALC Model . Guidance is provided (LTN 22) in the form of the ACAS Code of Practice on Discipline and Grievance.	1		31/01/2020	BP		Yes
89	Business Continuity Plan		1		29/09/2020	BP		No
92	Training Statement of Intent	All councils should have a statement outlining the Continuous Professional Development (CPD) training requirements for councillors and staff for the year.	2		03/08/2020	BP		No