INTERNAL AUDIT OF FALFIELD PARISH COUNCIL FOR THE YEAR ENDING 31st MARCH 2023

Carried out by Emma Pattullo, Clerk/RFO to Aust Parish Council

Item	***Checks carried out***	***Comments & recommendations***
FINANCE		
Confirm that the Parish Council has adopted and recently reviewed Financial Regulations	*Check that there are a set of Financial Regulations (in addition to those in the Standing Orders) & no conflict with SO18.* *Check the date of their adoption and that there was a record made in the minutes* *Check that the most recent review date was within the current financial year.*	Financial Regulations were reviewed and re-adopted with no amendments in May 2022 (minute ref: 1518/22.3).
Check that the council's Financial Regulations are being routinely followed by tracking some sample payments You will be provided with all invoices, receipts, bank statements, cheque stubs, receipt books and petty cash (vouchers and reconciliation) in order to do this.	*Chose an appropriate number of sample payments made at different times throughout the financial year and track them from resolution in the minutes through to the payments being made* *Check precept & budget were approved by council* *Check VAT reclaim submitted*	The following payments were traced for: • initial approval to spend (where appropriate) • presentation for approval & recording in the minutes • signing of cheques & initialling of stubs • recording in accounting spreadsheet (Numbers in brackets are voucher numbers) (12) SGC - Localism charge £108.70 inc VAT, chq 1051 (24) J Carpenter - salary period 5&6 £1045.72 chq 1064 (25) HMRC – PAYE payment period 5&6 £80.80 chq 1065 (34) Raven Fencing – deposit to cover materials for planning works £1188 chq 1075 (39) Benefice office – Donation to newsletter £120 chq 1081

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		Note: Payment 34 – business ceased trading unexpectedly, amount is to be repaid at £100 per month – see minute ref. 1620/23.6.1. Budget for next financial year (2023/24) approved by council – ref. 1598/22.5.1. Presented budget is not balanced; it is assumed that the unbalanced expenditure is to be funded from reserves but this is not explicitly stated. ***Recommendation:*** *for clarity, future budgets should clearly show all planned sources of funds (including expenditure from reserves.)* Precept for 2023/24 approved by council – ref. 1598/22.6. No petty cash is held.
All payments are recorded in the monthly financial statement, reported by the RFO & minuted	*Check the minutes* *Compare the bank statement against (bi)monthly financial statement to council*	Payments for approval are included in the financial statement presented to each meeting, and explicitly listed in the minutes.
All items of expenditure over £100 are listed on the council's website	*a. date the expenditure was incurred,* *b. summary of the purpose of the expenditure* *c. amount* *d. Value Added Tax that cannot be recovered.*	List of payments >£100 is published on the website with appropriate details.
Confirm that each payment has been signed by two councillors, who also initialled the cheque stub & that the cheque signing councillors also initial the invoice	*Adapt to the Local Councils own practices as detailed in their Financial Regulations e.g. electronic banking must have adequate controls comparable to the two signature rule*	Confirmed
Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit	*Check the number of the electors in the parish and times this figure by the annual financial limit - 2021-22 figure is £8.41 per elector.*	S137 payments are explicitly identified within the minutes and the cash book. Total amount (£351.20) was within statutory limit.

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		Recommendation: *as LGA1972 s137 is the “power of last resort”, consideration should be given to whether donations could be made under any other power, rather than automatically putting all donations under s137. For example:* • *donation to the 5 Alive newsletter could be made under LGA 1972 s142 “provision of information”;* • *donation to Citizens Advice could be made under LGA 1972 s142(2A) “assist voluntary organisations to provide advice concerning individuals’ rights”.* ***Recommendation:*** *It is good practice to record in the minutes that payments were approved and made “In accordance with its powers under section 137 of the Local Government Act 1972, which, in the opinion of the Council, is in the interests of the area of its inhabitants and will benefit them in a manner commensurate with expenditure detailed below amounting to £X”*
Confirm that quarterly checks of the accounts are made by a councillor not on the finance committee / group	*Check the minutes to ensure this was recorded and reported / minuted at a council meeting*	No finance committee. Regular financial statements are received by full council.
Check the statement of accounts according to the format included in the Annual Return form. Check that the statement of accounts was approved and signed by the Responsible Financial Officer and the Chairman of the meeting approving the statement of accounts.	*The statement of accounts should be accompanied by:* *a) a copy of the bank reconciliation for the relevant financial year,* *b) an explanation of any significant variances (e.g. more than 10-15 percent, in line with*	Statement of Accounts for 2021/22 was correctly completed, signed (minute ref. 1518/22.7) and published along with accompanying bank reconciliation, explanation of variances, reserves statement, external audit report and confirmation of

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	proper practices) in the statement of accounts for the relevant year and previous year *c) an explanation of any differences between 'balances carried forward'(box 7) and 'total cash and short-term investments', (box 8) if applicable.* *d) details of reserves* *e) confirmation of public rights to inspect accounts* *f) declaration of exemption from external audit, if applicable.*	conclusion of audit. All are in appropriate formats and give clear information. Public rights notice published on website & dates (minute ref. 1518/22.11). Dates checked, met requirements. Draft Accounting Statement for 2022/23 has been checked for internal consistency and correlates with the cash book.
Check the Annual Governance Statement	*According to the format included in the Annual Return*	Annual Governance Statement 2021/22 was correctly completed & signed (minute ref. 1518/22.7)
Review the Assets Register and insurance policies, confirm renewal has taken place (i.e. paid) & make a note of each coverage limit	• *Public liability* • *Employers liability* • *Council assets* • *Fidelity Guarantee Insurance*	Asset register approved by council in April 2022 (minute ref. 1503/22.3.1), this is the latest version on the website. Asset register updated Nov. 22 to include newly purchased noticeboard; this version was used for Accounting Statement box 9. ***Action required:*** *publish updated asset register so that published information reflects AGAR figures.* It is not clear how some of the asset valuations are determined. No valuation policy in place. ***Recommendation:*** *council should consider adopting an asset valuation policy or statement (JPAG 2022 s5.63). Normal practice for small authorities is to use initial*

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		purchase price (JPAG 2022 5.64) but other methods are permissible so long as they are consistent and transparent. Note: any change to valuation practice may require box 9 figure to be "restated" in next year's AGAR. Insurance held with Zurich. Annual policy to 31st May 2023. Includes appropriate liability cover.
Check the details of public land and building assets	*a) description (what it is, including size/acreage),* *b) location (address or description of location),* *c) owner/custodian* *d) date of acquisition (if known),* *e) cost of acquisition (or proxy value), and* *f) present use.*	Full asset register is published, which includes required details of land owned.
Check that appropriate arrangements are in place for monitoring of play areas, sports pitches and open spaces	*Check inspection schedule/reports*	No play areas/sports pitches are owned or managed. Maintenance of amenity land is mentioned in council minutes, where necessary.
PROCESSES		
Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months	*Check the date of adoption. Also that the last review date is within the past year and recorded in the minutes*	Standing orders adopted May 2022, minute ref. 1518/22.3.
Check the draft minutes of the last meeting(s) are on the council's website Check that the minutes of previous meetings are the approved version and that the draft copies have been removed		Draft minutes of most recent meeting are published on website, along with (mostly) approved versions of previous minutes. Approved minutes on website are unsigned but marked "Signed copy available from the clerk on request."

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		Action required: *approved minutes of Sep & Nov 2022 should be uploaded to website (currently draft versions of both.)* ***Recommendation:*** *it is best practice for minutes to be approved at the next council meeting, even if none / not many of the councillors were present at both meetings. It should be assumed that the clerk has produced accurate minutes unless there is evidence to the contrary. The approval is saying that "we do not know of a reason why these minutes are NOT an accurate record."*
Check that agendas for meetings are published (bi)monthly and giving 3 clear days notice	*The agenda currently on the website may be for a past date - as long as it is not more than a week older than when the last meeting took place, it still demonstrates routine posting*	Agendas are published on the website in a timely manner.
Confirm that the Parish Council is compliant with the Data Protection Act 2018 & GDPR 2021	*Check that there is a policy document and resolution to comply recorded in minutes*	GDPR policies on agenda to be reviewed May 2022, minute ref. 1518/22.2. Minuted statement that no breaches have occurred in the past year, but no specific statement as to review of policies. ***Recommendation:*** *reviews of policies should be explicitly minuted, even if no changes.*
Confirm that the Parish Council is compliant with the Freedom of Information Act 2000	*Check resolution to comply recorded in minutes* *Check the log of FOIs received and date responded to within the deadline*	Publication Scheme document states that it was reviewed 17th May 2022 – minute ref 1518/22.1. Minutes indicate no FoI requests during the past year but do not explicitly state that Publication Scheme was reviewed. ***Recommendation:*** *reviews of policies should be explicitly minuted, even if no changes.*

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Review the Risk Assessment and Management Scheme	*Check the last review date is within the past year and recorded in the minutes*	Risk Register reviewed July 2022, minute ref. 1511/22.6.
Confirm that regular backups of electronic records are made monthly and an archive copy kept in a second remote location i.e. Cloud, external hard drive and /or that duplicate hard copies of records are kept at an additional remote location.	*Website and email passwords in a sealed envelope and retained by the Chairman is recommended and or "The Chairman's Box" containing duplicate copies of the council's key documents and deeds.*	All files are regularly backed up to 'Google Drive' cloud based system. Passwords are held in 'LastPass' password management system. Chairman & Vice Chairman hold the master password to access LastPass in an emergency.
Confirm the publication scheme		See above item re: Freedom of Information.
COUNCILLORS		
Check the publication of councillor's contact details	*Full home addresses are not compulsory but councillors must be available to be contacted directly by the public by email and/or phone* *Separate council email addresses are preferable to personal email addresses*	Councillors' names and telephone numbers published on website
Check that positions that councillors hold on the council are published	*i.e. Chairman, Vice Chairman etc.,*	Chairman & Vice Chairman are identified on the website.
Check the register of member's interests / Declaration of Interest forms	*Confirm that the registers of member's interests are published correctly.*	Registers are published on the website (except EJ) & on South Glos Council website. ***Recommendation****: Cllr Jarvis' register of interest to be placed on the council website for consistency.*
Check that representation on external local public bodies (if nominated to represent the council) of each councillor is published		Representatives on external bodies are identified on website.
EMPLOYEES		
Check that the Clerk and Responsible Financial Officer have signed contracts of employment	*The RFO may also be the Clerk.*	Clerk/RFO contract seen. Updated April 2022, minute ref. 1506/22.1.2.
Check that all employees have contracts of employment.		No other employees.
Check the contracts of employment and PAYE records	*Confirm that all employees are being paid at correct rate (in accordance with*	Pay slips seen. HMRC returns completed & PAYE payments made where appropriate.

Item	*Checks carried out*	*Comments & recommendations*
	contracts/national living wage/timesheets), with all tax and NI compliance.	
Check that the council has a pension provider. Check whether employees are eligible or entitled to join the pension scheme or whether they have opted out of the scheme	*Check the council's pension arrangements and that contributions are made in accordance with auto enrolment or contractual obligations*	No employees are eligible for auto enrolment. Pensions Regulator registration in date.
Ensure that pay rises (if any) are agreed and minuted at the relevant meeting	*Check the contracts of employment to ascertain whether JNC recommended pay rises are offered. Even if they are, as pay rises are an additional disbursement from public funds they should be agreed at a council meeting and minuted.*	Increase in hours and commensurate salary increase minuted at 1506/22.1.2.

Conclusion of Internal Audit on Falfield Parish Council for the year ending 31st March 2023

Acting independently, I have carried out an Internal Audit of the policies and practices of Falfield Parish Council, in order to enable positive response by the relevant assertion in Section 2 of the Annual Return for the year ending 31st March 2023.

I have carried out the checks detailed in this report, in order to provide assurance that the Parish Council's systems of internal control, assessment of risk and financial management and accounting are in place and that they are adequate in protecting the use of public money.

Name: Emma Pattullo
(Clerk/RFO – Aust Parish Council)

Signed: Emma Pattullo

Date: 9th May 2023