

Internal Audit Report

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

Name of council:	Edith Weston Parish Council		
Name of Internal Auditor:	Terry Brown	Date of report:	28/4/2023
Year ending:	31 March 2023	Date audit carried out:	April 28 th 2023

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 staff and management and not left for internal audit.

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 Chair of the Council:

In accordance with the terms of my engagement I have undertaken a review of Edith Weston Parish Council's records, policies and procedures for the financial year ending 31st March 2023 and I enclose a completed and signed Annual Internal Audit Report for the AGAR 2022/23.

The internal audit exercise involves the testing of the evidence of and evidence of compliance with the 15 statements contained in the Annual Internal Audit Report of the Annual Governance and Accountability Return (AGAR)

The statements refer to:

- A. Maintenance of proper financial records
- B. Compliance with the Council's Standing Orders, Financial Regulations, and proper accounting for VAT
- C. Adequacy of risk management arrangements
- D. Effective budgeting and budgetary control
- E. Identification of income due and timely collection and banking of such monies
- F. Proper administration of petty cash (where appropriate)
- G. Proper administration of salaries of employees and expenses paid.
- H. Maintenance of an accurate and reliable asset register
- I. The completion of regular bank reconciliations
- J. The correct basis and accurate preparation of year-end accounts
- K. Whether the Council has met its responsibilities as a trustee (where appropriate)
- L. Correctly applying the exercise of public rights during the previous year period.

The visit to Edith Weston provided the opportunity to review in depth past and current finance and governance processes with a view to building in significant changes and improvements such that errors do not persist into the 2023-24 Internal Audit.

LRALC Internal
Audit Service

The current Clerk has been in post since December 2022 and brings a strong finance and auditing experience to the Parish Council and this enhanced these discussions and recommendations.

The current Clerk has inherited a past pattern of inconsistent figures for lines 1,6 and 7 most likely because of rounding errors. Therefore line 1 for 2022-23 should properly be £61006 Line 7 for 2022-23 was confirmed as £66918 and reconciled to bank balances at 31/3/23.

The meeting agreed that to continue past practice to value Assets at zero was incorrect. For example receipts and payments shows the purchase of a waste bin for £307 (8/12/2022) and a new laptop for £470 (8/10/2023). The Clerk is to reconsider the valuations of all assets with the possibility of historic cost as the most acceptable.

Receipts and payments show a payment of £435 (29/6/2022) for a renewal of subscription for website maintenance but then £643 just a month later (26/07/2023) for a similar website supply. Minutes do not explain this apparent redundancy and possible waste.

Receipts and payments show the purchase of a new laptop (and software) for £776 in November 2022. Minutes do not show evidence of obtaining alternative quotes.

There is an effective system of financial control and receipts and payments are routinely reconciled to bank balances. The Clerk routinely works with a newly convened Finance Committee of three Councillors to monitor the Parish Council's financial operation.

Receipts and payments show a payment of £570 as a grant (02/01/2023) . The current accounting system does not allow for s137 payments.

The Clerk's wages are paid gross and then the Clerk pays HMRC privately. This needs to be fully minuted. The Clerk has a written contract.

Procedures are in the process of being revised and updated. Reserves other than an operating reserve are approximately twice the precept. A Reserves policy is recommended and this would allow for individual reserves to be reappraised and continued. In this way there will be a consistency between budgets and reserves. It was agreed that a contingency reserve was inappropriate.

There seems to a general agreement in the Parish Council that more work is still required to make the website easier to use as was highlighted in the 2021-22 Internal Audit Report. The website may not be compliant with expected standards.

Many thanks to the Clerk for her detailed and helpful responses with this audit.

This report is based on the evidence made available to me. 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. Consequently, the report is limited to those matters set out.

Yours sincerely,



**LRALC Internal
Audit Service**

Internal Auditor to Edith Weston Parish Council on behalf of LRALC
01476 516366

The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2022	Year ending 31 March 2023
1. Balances brought forward	41882	61005
2. Annual precept	25082	21606
3. Total other receipts	11360	2871
4. Staff costs	2924	3249
5. Loan interest/capital repayments	0	0
6. Total other payments	14395	15316
7. Balances carried forward	61006	66918
8. Total cash and investments	61007	66918
9. Total fixed assets and long-term assets	0	0
10. Total borrowings	0	0

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2018)*. It is a guide to the accounting practices to be followed by local councils and sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from:

<http://www.leicestershireandrutlandalc.gov.uk/uploads/governance-and-accountability-for-smaller-authorities-in-england-2019-sections-1-5-1.pdf>

**LRALC Internal
Audit Service**

Annual Internal Audit Report 2022/23

EDITH WESTON PARISH COUNCIL

ENTER NAME AND WEBSITE PAGE ADDRESS
EDITHWESTON.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. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")	✓		
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 (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).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		

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: 28/4/2023
 Name of person who carried out the internal audit: [Signature]
 Signature of person who carried out the internal audit: [Signature]
 Date: 28/4/2023

*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).

Edith Weston Parish Council

Internal Audit Report 2022-23

H: Asset and investment registers were complete and properly maintained. NO

The meeting agreed that to continue past practice to value Assets at zero was incorrect.

For example receipts and payments shows the purchase of a waste bin for £307 (8/12/2022) and a new laptop for £470 (8/10/2023).

The Clerk is to reconsider the valuations of all assets with the possibility of historic cost as the most acceptable.

**LRALC Internal
Audit Service**