

Internal Audit Report

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

Name of council:	Kilby Parish Council		
Name of Internal Auditor:	Joanne Lowe	Date of report:	23/05/2024
Year ending:	31 March 2024	Date audit carried out:	19/05/2023; 03/05/2024

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:

I have been allocated by the Leicestershire & Rutland Association of Local Councils (LRALC) as the appointed Internal Auditor for Kilby Parish Council for the financial year ended 31st March 2024. My role as internal auditor, acting independently and on the basis of an assessment of risk, is to carry out a selective assessment of compliance with relevant procedures and controls which were in operation during the financial year. I would like to thank your Clerk Tina Cox for her help and support during our meeting on 23rd May 2024 and for her assistance with forwarding all requested information during the audit process.

The following topics were reviewed against our standard checklist format:

Observations from last year's audit

Recommendations 2022-2023	Comment
Recommendation to review the payroll service to ensure payslips are containing all necessary information	The Council have addressed issue this with their contracted payroll services
Recommendation to review the work from home allowance for the clerk to ensure it aligns with the HMRC guidelines	This issue was successfully addressed by Council in June 2023 with the Clerk now receiving a monthly allowance

General Joint Panel on Accountability and Governance (JPAG)

- Meetings were called lawfully with excellent agenda formatting.
- The minutes showed no unusual activity, **however all minutes must record the resolution made at Council and must reflect the detail as detailed in the corresponding agenda item**
- Minutes show that the Public Forum is part of the Parish Council meeting. **The Council meeting must be adjourned whilst public participation is taking place to allow members of the public to raise questions or comments or to make representations. The minutes should note the time that the meeting has been adjourned and then state that the meeting has re-convened where appropriate.**
- Minutes for April 23 / September 23 and January 24 were requested and produced by the Clerk and these were found to be appropriately initialled and overall signed.
- All statutory responsibilities were met by the Council for the APCM. **However the prescribed order of agenda items outlined in Council's Standing Order 4j should be followed for future annual meetings of the Parish Council**
- No confidential sessions had been undertaken by the Council during 2023-24.

Accounting Records

- Accounts are recorded using Microsoft Excel and all arithmetic appears correct and that the ledger is correctly maintained.
- Copies of bank statements for April 23 / October 23 and March 24 were requested and produced by the Clerk. Bank reconciliations are signed off each month and the bank reconciliation for March 24 agrees with AGAR Section 2 Box 8.
- There is monthly reporting and minuting of the Council's bank balance every month
- The Clerk has been properly appointed as the RFO

Financial Requirements

- The Council has up to date versions of Standing Orders, with the new financial regulations to be adopted over the next couple of months. **It was advised that the Council's Standing Orders and Financial Regulations should be reviewed at the Council's annual meeting as per Standing Order 4(j)(iv).**
- There was evidence of internal control through the year regarding payments, supported by invoices and appropriately minuted and authorised at the relevant PC meeting against a monthly payment list.
- No VAT claim was undertaken in 2023-24 and the Clerk is aware that one is now due. **To improve cashflow issues, it is advised that VAT claims are made at least once a year.**

Risk Management

- The Council reviewed its annual risk assessment in May 2023
- It was found that the Council's insurance cover was appropriately reviewed in June 23 and is adequate for its land and asset cover.
- The Council undertake weekly monitoring of their play area as well as commission an external contractor to undertake an annual playground inspection.

Precept and Budget

- The Council shows evidence of an adequate budgetary processes. **However a comparison with the budget as the Council progresses through the financial year to highlight any actual or potential overspend is advised.**

- The Council shows the correct precept demand made to the principle authority and the precept demand is stipulated in the minutes and correctly resolved by full Council resolution. The Clerk advised that the precept demand is always the same as budget expenditure as the Council do not receive any extra income streams.
- The Council has adequate levels of reserves in place.

Petty Cash

- No Petty cash is held.

Salaries

- There was only one employee, the Clerk who had been correctly appointed and issued with a contract of employment.
- Payroll services are undertaken by an external payroll provider and the Council approves the Clerk's salary as an itemised payment in the Council's minutes.
- The Council is appropriately registered with the Pensions regulator and monthly payments are made to HMRC.

Asset/Investment Register

- The Council has adopted an asset register that itemises individual assets and is appropriately updated by Council each year.
- The asset register compares with the Council's latest insurance policy and was adopted in September 23.
- The Council was unable to provide a records of title deeds or land registry registration documents regarding the recreation ground. ***It is advised that the Council investigate the location of land ownership documents for the recreation ground or retrieve copies from the Land Registry***

Accounting Statements

- Year end accounts are prepared on a receipts and payments basis and the bank statements and ledger accurately reconcile.
- Bank account statements were presented throughout the year with evidence of a financial trail through the minutes.
- All invoices were presented during the invoice spot check with all being approved by Council, appropriately minuted and paid correctly.

Exempt Authorities

- The Council's previous year's receipts and expenditure totalled less than £25,000 and the Council correctly certified themselves as exempt for financial year 2022-23.
- The Council successfully published its Certificate of Exemption on its website and its noticeboard by 1st July 2023.

Transparency Code

- The Council published all items of expenditure above £100 on its website via its minutes by 1st July 2023
- The following were accessible on the website by 1st July 2023 - End of year accounts / Accounting Statement / Annual Governance Statement/ Internal and External Audit / Asset Register / Cllr responsibilities and Certificate of Exemption.
- All draft minutes for Council meetings were published within one month of the meeting occurring.

- The Council website contains up to date information and has adopted a gov.uk domain. The auditor found the website to be very intuitive and easy to navigate.

Exercise of Public Rights

- The Council correctly identified the 30 day working notice for public inspection. **However it is advised that the minutes specify the dates of publication whilst approving the AGAR.**

Miscellaneous/Good Practise/Legislation

- There is clear evidence that the internal audit report was received and actioned appropriately
- All electronic files are regularly backed up via MS Office 365 as well as updating files on an external hard drive
- The Council has an Equal opportunities policy but does not have a Complaints Procedure. **It is advised that the Council adopt a Complaints Procedure.**

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

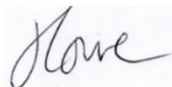
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Recommendations for action 2023-2024

Areas for consideration or improvement	Recommendation
<i>All minutes must record the resolution made at Council and must reflect the detail as detailed in the corresponding agenda item</i>	Minutes to state each resolution made at Council meetings against the corresponding agenda item.
<i>The Council meeting must be adjourned whilst public participation is taking place to allow members of the public to raise questions or comments or to make representations. The minutes should note the time that the meeting has been adjourned and then state that the meeting has re-convened where appropriate.</i>	Change to the recording of Council meetings to indicate the adjournment of Council meeting during the public form. Alternatively, move the public forum to the start of the meeting.
<i>The prescribed order of agenda items outlined in Council's Standing Order 4j should be followed for future annual meetings of the Parish Council. This</i>	Ensure that the prescribed items on the Council Standing Orders are followed.

<i>must include the re-adoption of the Council's Standing Orders and Financial Regulations.</i>	
<i>To improve cashflow issues, it is advised that VAT claims are made at least once a year.</i>	Recommendation to submit VAT126 forms at least once a year
<i>However a comparison with the budget as the Council progresses through the financial year to highlight any actual or potential overspend is advised.</i>	Present documents to Council that show budget progress against income and expenditure
<i>The Council do not have any documents that evidence that they own the recreation ground.</i>	<i>Undertake further work to either locate land ownership documents for the recreation ground or retrieve copies from the Land Registry</i>
<i>However it is advised that the minutes specify the dates of publication for the exercise of public rights whilst approving the AGAR.</i>	Minutes to explicitly state the dates for the period for the exercise of public rights
<i>It is advised that the Council adopt a Complaints Procedure.</i>	Council to adopt a complaints procedure as soon as practically possible.

Yours sincerely,



Mrs Joanne Lowe
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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	12970	13341
2. Annual precept	8490	9782
3. Total other receipts	139	7500
4. Staff costs	3468	4188
5. Loan interest/capital repayments	0	0
6. Total other payments	4792	11955
7. Balances carried forward	13341	14480
8. Total cash and investments	13341	14480
9. Total fixed assets and long-term assets	50,286	57,786
10. Total borrowings	0	0