

Internal Audit Report

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

Name of council:	Queniborough Parish Council		
Name of Internal Auditor:	Hannah Shaw	Date of report:	01/05/24
Year ending:	31 March 2024	Date audit carried out:	30/04/24

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 Queniborough 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, Rachel Barlow-Skinner and by inspection of information publicly accessible via the Council's website and by documentation sent to me by email, 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.

Queniborough Parish Council has 10 seats (4 quorum) and employs four members of staff, including the Clerk/RFO, Rachel Barlow-Skinner working 16 hours per week, a Deputy Clerk, Registrar for Burials and a Dog Warden. A link to Councillor Declarations of Interest on Charnwood Borough Council's website is published. There are 2 committees who report to Full Council; General Purposes and Cemetery Management Committee and a Recreation Committee. Following last year's recommendation, delegated powers are now laid out through formal Terms of References which have been adopted for both committees and are published to the Council's website.

The Council has an array of comprehensive policies and procedures which are reviewed and re-adopted on a rolling program, including Standing Orders, Financial Regulations and the Council's Risk Assessment. All policies are published to the Council's website.

The Council banks with Unity Trust Bank and most payments are made by online bank transfer. Online payments are set up by the RFO and are made by bank transfer or direct debit. The account has a two Councillor authorisation facility and payments are approved once agreed at a Full Council meeting. There is no petty cash. Council should consider adoption of a Statement of Internal Control which outlines the Council's existing procedures to facilitate the effective exercise of the Council's functions and includes arrangements for the management of risk and financial control.

Payroll is managed internally by the Clerk/RFO using HMRC Basic Tools and there is a good Financial Risk Assessment in place. Re-enrolment with the Pensions Regulator was last completed in 2022. The Council does not hold the General Power of Competence therefore, section 137 payments should be recorded as such within the accounts and detailed in the payments lists attached to the minutes. 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 and I have seen some evidence that the Clerk/RFO has started to record minute references but do appreciate this can be time consuming.

Bank balances, bank reconciliations and income and expenditure reports are presented to Council during meetings. Following last year's recommendation, bank balances and a payments list are formally recorded within Council minutes upon approval.

The Council uses Scribe accounting software on a Receipts and Payments basis. VAT is reclaimed quarterly and is up-to-date. As at 31.03.24, Queniborough Parish Council carried forward reserves of £93,351 however, approximately £25k of this is earmarked for forthcoming projects, which brings the level of general reserves down to around 6.5 months running costs and is therefore, within the acceptable range of 3-12 month running costs. A Reserves Policy has now been adopted.

I have seen evidence that adequate budgetary controls are in place and a draft budget for the forthcoming financial year was prepared and agreed. It is important the budget is regularly monitored throughout the financial year to ensure reserves are kept healthy and within the normal range and suggest a quarterly budget review is carried out and formally recorded within the minutes. I would also recommend minuting the precept figure upon approval, as well as the percentage increase.

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 now marked as draft until being confirmed and signed by the Chairman at the following meeting. Again, with regards to the Exercise of Public Rights, it is good practice to minute the dates upon approval at a Parish Council meeting.

Queniborough Parish Council are sole trustee to the King George's Field on Coppice Lane (charity no. 1082279). Business between the Council and the Charity is kept entirely separate and annual reporting duties are up-to-date.

Upon review of the Council's current Asset Register, I believe the level of insurance cover would be sufficient for the Council's needs. The Council are insured with BHIB on a 3-year agreement following a review and both the asset register and insurance documents are published to the Council's website following a recommendation made last year.

In accordance with the proper practices outlined in the JPAG Practitioners' Guide 2024, paragraphs 5.210 – 5.219, Queniborough 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.

During a transaction spot check, all transactions were supported by invoices/receipts and upon review of the internal audit carried out for the 2022/2023 financial year, a number of recommendations were made and I am encouraged that most recommendations were considered by Council and were actioned by making the suggested improvements. This is excellent progress and I’d like to acknowledge the work put in by both the Clerk and the Council.

Summary

The report and findings are based on the information that was made available during the course of the audit. I am satisfied there are good internal control measures in place to protect the Parish Council from 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, Rachel Barlow-Skinner, 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
Asset Register - Suggest Asset Register is published and accessible on the Council’s website.	Yes – actioned.
Bank Balances - Consider minuting bank balances at Parish Council meetings.	Yes – actioned.
Chairman Expenses - Ensure invoices/receipts are presented when Chairman expenses are claimed.	Yes – actioned.
Exercise of Public Rights - Recommend minuting both the start and end dates agreed for the Exercise of Public Rights.	No – not completed.

Insurance Certificates - Suggest insurance certificate is published to the Council's website.	Yes - actioned.
Legal Power of Expenditure and minute references - It is good practice to record the legal power of expenditure against transactions made, as well as recording the minute references of expenditure approval and of payment approval.	In Part – Some minute references have been recorded within the accounts. S137 payments should be marked and minuted.
Minutes - Recommend minutes are published as 'draft' before being signed and confirmed at the next Parish Council meeting.	Yes – actioned.
Payments - Recommend individual payments approved at Council meetings are minuted or, publish finance appendix with minutes (NOT including bank statements).	Yes – actioned. Payments lists attached to minutes and published.
Policies - Suggest Council Policies are published to the Council's website and are accessible.	Yes – actioned.
Reserves Policy - Consider adopting a Reserves Policy.	Yes – actioned.
Risk Assessment - Suggest review of Council's Risk Assessment to include business continuity and publish to Council's website.	Yes – actioned. Business Continuity plan adopted.
Standing Orders - Review and up-date Council's Standing Orders following Covid amendments which do not now apply, publish to website and remove superseded versions.	Yes – actioned.
Terms of Reference – Committees - Consider formalising delegation of powers to Committees through formal adoption of Terms of Reference for both the GP and Cemetery Management Committee and the Recreation Committee.	Yes – 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
Annual Parish Council Meeting	Election of the Chairman and Vice-Chairman should be brought to the top of the agenda before apologies are received.
Budget Review	Recommend quarterly budget reviews are conducted and formally recorded within the minutes.
Exercise of Public Rights	Recommend minuting both the start and end dates agreed for the Exercise of Public Rights.
Legal Power of Expenditure and minute references	It is good practice to record the legal power of expenditure against transactions made, as well as recording the minute references of expenditure approval and of payment approval.
Precept	Formally record precept amount within Council minutes upon approval, as well as percentage increase.
Statement of Internal Control	Consider adopting a Statement of Internal Control.
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
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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	80,513	97,073
2. Annual precept	63,713	66,262
3. Total other receipts	83,382	58,535
4. Staff costs	26,490	28,259
5. Loan interest/capital repayments	0	0
6. Total other payments	104,045	100,260
7. Balances carried forward	97,073	93,351
8. Total cash and investments	97,073	93,296
9. Total fixed assets and long-term assets	331,591	341,150
10. Total borrowings	0	0