

May 2, 2023

## Gulworthy Parish Council Internal Audit Report 2022/2023

Testing was carried out using sampling where appropriate and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity. The findings are reported below:

### ✓ **Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- A general and financial risk assessment covering the council's activities.
- A statement of internal control.
- Annually review any charges for services whether or not they are increased and record this in minutes.

Councils should ensure compliance with the new rules regarding General Data Protection Regulations (GDPR), which came into effect in May 2018.

Councils should have in place and periodically review:

- Standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation.
- Financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors and utilising online banking, should have procedures and controls in place to establish appropriate safeguards.

***Generally satisfactory, however, an annual review of council policies is good practice and should include Standing Orders, Financial Regulations, Risk Assessment and GDRP etc.***

***The council's website should be updated with the most recent policies and procedures.***

### ✓ **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

***The balances of the council are high (3.5 x precept) and increasing. There was no detailed discussion of the 2023/24 budget in the minutes and no consideration of the level of balances minuted.***

***It is recommended that the level of balances should be monitored and discussions should be minuted to explain and support the council's decision process.***

✓ **Other Receipt or Income**

A sample of other receipts were tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment.

***Generally satisfactory, although the council should seek to obtain the best possible interest rate for monies held by the council in anticipation of future projects.***

***See below for matters arising from the overview of parish council burials.***

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council.
- Additional hours worked were approved and supported by time records.
- Employees are paid in accordance with contractual obligations and on the correct pay date.
- Employees have a written statement of principal terms and conditions.
- That PAYE and NI are operated and paid promptly.

***Satisfactory, although payments to HMRC for PAYE should be made promptly.***

✓ **Payments including Bank and Petty Cash**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim, petty cash voucher or other appropriate documentation.
- Grant payments are subject to a proof of need assessment, are required to be evidenced as spent for the approved purpose, and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared.
- Where payments are made other than by cheque with 2 councillor signatories the council has considered and actioned the requirements of appendix 10 of Governance and Accountability and have documented the process followed and annually review the control of wider definition "money".

***Generally satisfactory, subject to the following:***

- ***The council should avoid payments for services in advance ie. hall hire.***
- ***Consideration should be given to a grant giving procedure and application form which will help to formalise the process.***
- ***Payments approved under s137 of the LG Act should be minuted as such.***
- ***VAT had not been claimed in the audit year for the period from 1/10/2021. This should be claimed as soon as possible.***
- ***A procedure note should be prepared for online payments and appropriate evidence kept of the process when used.***

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

**Satisfactory. The schedule of cover should be provided at each audit.**

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date
- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases.

**With reference to the Practitioners Guide, it is recommended that the asset register is expanded to include the basis of valuation. It is also important to identify and confirm the location of any deeds or licences ie. land for the bus shelter site, with this information annotated in the asset register.**

✓ **Burials**

As part of the audit, a detailed review was carried out on the burial function by the parish council. It was identified **that prior to this audit, a review had not taken place for a number of years.** In the council minutes, it has been reported that there is an urgent need to clearly mark and plan all cemetery plots. As a result, the clerk has prepared a report for the council, which highlighted a number of issues, both in the system, documentation and on the ground. A site meeting planned for December 2022 with councillors has not taken place.

The audit confirmed that:

- The charges in place are complicated and as a result, testing identified potential incorrect burial charges levied.
- On the certificates of Exclusive Right of Burial, the undertaker's names have been detailed rather than the certificate holder. This will cause significant confusion in future years if not amended.
- Burials in reserved spaces were not practically possible due to incorrect marking of the burial plots.

**It is recommended that the council should review the charges annually, even if charges are not increased, with a potential simplification of the charges.**

**No further burials should take place in the area that requires plotting, marking and agreement to plan. Until this process has been satisfactorily completed, a new area of the cemetery should be used. The clerk explained that this has been instigated since the beginning of 2023/24.**

Please provide copies of the signed and authorised AGAR forms once this has been completed, refer to the audit checklist and request further clarification for any of the audit points if necessary.

Many thanks for your assistance in the completion of the audit.

Kind regards  
Julie