

INTERNAL AUDIT REPORT

1 April 2022 – 31 March 2023

FELSTED PARISH COUNCIL

In order to ensure compliance with proper practices, the internal audit follows the guidance in the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide March 2022 (the Practitioners' Guide 2023 may be referenced for clarification). The audit was carried out from supplied documents and records, the Council's website and discussions with the RFO and Clerk.

Minutes of Full Council and Committees are published on the Council's website together with agendas. Signed minutes are retained in a folder.

Policies, including Standing Orders and Financial Regulations, have been basically reviewed during the year. All policies are to be thoroughly reviewed, updated and increased by the Assistant Clerk who is undertaking her CiLCA. Congratulations to the RFO for achieving FiLCA.

Internal Control Objective A

Appropriate accounting records have been properly kept throughout the financial year.

Sample checking of 38 financial transactions was carried out matched to cash book, invoices, vouchers, cheque books, paying in book, online payment documents, bank statements and bank reconciliations. Scan checks were carried out for the remaining transactions.

The Council has a current account with Barclays, Community Account. There are separate accounts for the Nature Area: a current account with Metro Bank which it is planned to wind down and a Barclays Premium Account.

The Council does not have an Investment Policy. This was recommended at the last internal audit but it is understood that the Council considered it unnecessary. The Council's total funds at 31 March 2023 stand at £194,506.

Internal Control Objective B

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for.

The Council complies with its financial regulations. Sample checking of payments was carried out as for internal control objective A. Payments are formally approved at Council meetings. The RFO sets up the online payments, 2 councillors authorise internet payments as reviewer and authoriser; there are 4 councillors on the mandate. Cheques are used for the Metro account, signed by 2 councillors; there are 3 councillors on the mandate.

There are no Debit or Credit cards. However this could be considered for the Clerk as she makes a number of purchases online and is reimbursed.

VAT reclaims are to be submitted twice annually. A refund of £10,340.62 was received in December 2022 for the period 1 January to 31 October 2022. A claim is to be submitted for November 2022 to March 2023 for £5323.

Internal Control Objective C

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these



The 'Financial Risk Assessment' covering all council activities was approved and recorded in Council minutes for 2 November 2022.

The insurance is with Hiscox and was renewed in June 2022; this is to be reviewed. The Policy Schedule states that the period of insurance is 'Continuous cover from 01/06/2022 until the policy is cancelled'.

The 4 playgrounds are inspected annually by RoSPA, reports are taken to Council meetings. The Village Attendant does weekly inspections and has attended a course at the EALC; issues are notified to the Clerk and followed up. The practicalities of documenting the weekly inspections were discussed.

The 70 street lights are maintained by A&J Lighting. Checks are also carried out by the Village Attendant.

Internal Control Objective D

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

The Council's budget and precept for 2022/23 as recommended by the Finance Committee was approved at Full Council on 12 January 2022. The precept being set at £106,000: the precept amount matches DLUHC documentation. The budget amount is not stated. The Council minutes should state the Budget and Precept amounts together with the Band D. Similarly the budget and precept for 2023/24 were approved at Full Council on 7 December 2022: comments apply as for 2022/23.

A financial statement is provided to the Finance Committee and the following council meeting in the form of a 'Year to date Budget Review'.

The Council's General and Ear Marked Reserves are given in the final accounts to 31 March 2023. The General Reserve is £2939. The JPAG guidance, 5.33, is for 3 to 12 months of net revenue expenditure; for more assistance see JPAG guidance 5.24 to 5.38. It is **recommended** that the Council reviews its Reserves in line with JPAG guidance.

Internal Control Objective E

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Income apart the precept is from Felsted Focus adverts, donations, hire of pitches and allotment rents. Income transactions were checked as for Internal Control Objective A. Charges should be regularly reviewed.

The Council is not registered for VAT.

Internal Control Objective F

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

Not applicable.

Internal Control Objective 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

The 3 employees have contracts which are being reviewed by the Clerk not least for legal compliance and where appropriate use of the NALC/SLCC model.

The payroll function is outsourced to Fisher Michael who are advised of changes by email from the RFO; monthly report is signed by 2 councillors. All payments including salaries, PAYE/NI and Pensions to NEST are made online by the



Council; payments to HMRC are made quarterly. The January 2023 payroll documents were checked and appeared appropriate.
There is no Members' Allowance.

Internal Control Objective H

Asset and investments registers were complete and accurate and properly maintained.
The Asset Register, published on the website, was reviewed in October 2022 and approved at the November 2022 Council meeting. Insurance values are used on the AGAR Accounting Statement.
There are no long term investments.
There is no borrowing.

Internal Control Objective I

Periodic bank account reconciliations were properly carried out during the year.
Reports from QuickBooks 2012 Desktop are produced each month and reconciled to bank statements. These are taken to the Finance Committee for review and signature by the Committee Chair and another councillor.

Internal Control Objective 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.
The Council operates an income and expenditure system which agrees with the cash book and reports. Checking of underlying records has taken place as previously stated. Debtors and creditors are stated in the Box7/8 reconciliation.

Internal Control Objective K

If the authority certified itself as exempt from a limited assurance review in 2021/2022, it met the exemption criteria and correctly declared itself exempt.
Not applicable

Internal Control Objective 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.
The Council publishes information on its website which is consistent with relevant legislation.

Internal Control Objective 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).
Notices with accompanying documents are published on the Council's website.

Internal Control Objective N

The authority has complied with the publication requirements for 2021/22 AGAR
Documents are on the Council's website.



Internal Control Objective O

Trust funds (including charitable) – The Council met its responsibilities as a trustee.

Not applicable

Recommendations Summary

1	Council reviews its Reserves in line with JPAG guidance <i>Internal Control Objective D</i>
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Thanks go to the RFO for his input, efforts and time afforded to me as well as to the Clerk for her time. Thanks also to the Council for the opportunity to carry out the Council’s Internal Audit which I trust meets with your approval and requirements. Should you need any further information or assistance please do not hesitate to contact me.

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May 2023

