



Internal Audit Report 2023/24

Introduction:

I have been The Charltons Parish Council's Internal Auditor since April 2019. There has been continual tweaking of processes in each year since then to improve governance. There will always be areas where things can be improved, and internal auditing is about an ongoing improvement journey.

I have examined the accounts, minutes and supporting paperwork for the Charltons Parish Council year ending 31 March 2024. The Council's internal controls, governance, and accounting are to a good standard.

Folders and the paperwork are easy to navigate. The website is clear and up to date. The Council is operating well and has achieved positive responses to the Annual Governance & Accountability Return (AGAR) Internal Audit checks.

I deliver a two-part audit report, part one is the statutory annual AGAR audit, part two is where I try and add value by making recommendations that are not part of the AGAR annual checks but are generally best practice.

Part 1 – The Statutory AGAR Checks:

| AGAR Box: | Yes / No: | Comments: |
|-----------|-----------|---|
| A | YES | Comments: |
| B | YES | Comments: Cheque book stubs missing – 001490 backwards – not able to check the stubs have been signed by two signatories. <u>Updated:</u> A book that only has paying in slips in it proved to be a used cheque book – all stubs have been signed/initialled. |
| C | YES | Comments: |
| D | YES | Comments: |
| E | YES | Comments: |
| F | N/A | Comments: The Council does not operate a petty cash system. |
| G | YES | Comments: <u>Clerk's Pay / Payments to HMRC:</u> The Council is paying the Clerk her salary gross with the expectation that she will then send a personal cheque to HMRC to cover the tax element. |

| | | |
|---|-----|--|
| | | <p>It is the Council's responsibility to pay HMRC directly from the Council's bank account.</p> <p>The Clerk should not be paid gross salary and then be required to issue personal cheques to HMRC.</p> <p>There is a risk to the Council as if the personal cheque is not sent to HMRC it is the Council that is liable for the debit.</p> <p>The Council must stop paying the Clerk gross salary.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. The Council start to use online banking. 2. The Council pay the PAYE tax online monthly. |
| H | YES | Comments: |
| I | YES | Comments: See recommendation below reference bank recs. |
| J | YES | Comments: |
| K | YES | Comments: |
| L | YES | Comments: |
| M | YES | Comments: |
| N | YES | Comments: |
| O | N/A | Comments: |

Part 2 - Recommendations not affecting the AGAR checks:

Bank Reconciliations:

Governance would be improved if a bank reconciliation was prepared and presented to every normal meeting of the Council. The bank reconciliation needs to be checked against the bank statement(s) by a councillor, then signed and dated as well as the bank statements(s). This paperwork (the bank reconciliation and the bank statements) would then be best filed together. Currently the bank reconciliation is being signed/ checked quarterly. The bank rec should also show the financial position at the start of the year, the total outgoings for the year to date and the total income for the year to date.

The Annual Accounting Statement:

- There are pence on the draft accounting statement this should be removed, and the numbers rounded before the document is presented to the Council.
- The amount in box 4 should be £5,797 – Staff expenses are not recorded in this box.

Minutes Online:

Some are marked as 'draft'. Random months tested; no list kept of the ones found marked as draft.

Asset Register:

Noted that may items say 'inc VAT' on the assets register. Assets should be recorded excluding VAT. I do not recommend changing the current values as they have now been adopted by the council, but going forwards new assets should be recorded ex-VAT price.

Reserves:

The Council has nearly £32,000 in reserves but is still being encouraged to increase it reserves. The Council should annually review the earmarked reserves to ensure they are being held for valid projects and to review when that reserve is likely to be used. If the Council is holding onto many long-term reserves, then the need to have a high general reserve is not so pertinent.

This annual review of the reserves would be best undertaken at a meeting before the meeting that the precept is set in, so that if any reserves are to be unearmarked this can feed into the overall budget setting process. Once this review has been carried out it should be recorded in the minutes.

Risk Assessment:

This document could be improved and made a little more robust. Maybe have a look at other councils' website to see what they have.

Reassessment - Sunday 5th May 2024:

After feedback received from the Parish Clerk I agreed to open backup my report, change the format, look for spelling/ grammatical errors and update the report in response to the comments that were made about the original report.

This report therefore supersedes the report issued Sunday 28th of April 2024. No further charge has been made.

Simon Pritchard PSLCC

Moderamen Auditing

IAF Member

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28/04/2024 & 05/05/2024