



## **ULLEY PARISH COUNCIL INTERNAL AUDIT FOR THE FINANCIAL YEAR 2023/24**

### **Background and Introduction**

All town and parish councils are required by statute to make arrangements for an independent internal audit and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). The Parish Council has requested that Faye Hazlehurst t/a FH Accountancy Services provides this service, based on a letter of engagement agreed and signed by the Council. The audit is not designed to identify all significant weaknesses in the Council's systems but, if such weaknesses come to my notice during the course of the examination, which I think should be brought to your attention; I shall report them to you.

The responsibility for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the Council. The audit should not be relied upon to disclose all material misstatements or frauds, errors or instances of non-compliance as might exist.

Faye Hazlehurst is a member of the Internal Audit Forum – an association of Internal Auditors for local councils which seeks to promote high quality internal audit.

### **Independence**

It is important that the auditor is independent of the Council and has no conflict of interest, in order that a truly professional audit is performed. I am not aware of any relationships that might constitute a threat to my independence.

### **Internal Audit Approach**

In accordance with the 'Accountability and Governance, Practitioners' Guide, March 2024', my work plan consisted of an investigation to review whether the systems of financial and other controls over the Council's activities and operating procedures are effective. Areas covered by the testing included;

- **Bookkeeping**
- **Due process**
- **Risk management arrangements**
- **Budgetary controls**
- **Income controls**
- **Payroll control**
- **Asset control**
- **Petty cash**
- **Bank reconciliation**
- **Year-end procedures**
- **Miscellaneous**

**aat** | Licensed  
Accountant

Faye Hazlehurst is licensed and regulated  
By AAT under licence number 1006598

## **Findings**

The internal audit was carried out off site, all records and evidence were provided electronically by the Clerk and documents were available on the Parish Council website. The Council has certified themselves exempt from external audit, detailed internal control testing was carried out and findings presented in this report, any audit recommendations have been agreed with the Clerk/RFO.

The following recommendations/points for the year ending 31 March 2024 should be addressed:

### **Proper Bookkeeping**

The cashbook was arithmetically correct, maintained and up to date. There was no S137 expenditure during the year, council minutes were complete and up to date and uploaded onto the Council's website.

### **Due Process**

Model Standing Orders and Financial Regulations (FR's) have been reviewed and adopted during the year. The FR's have been properly tailored to the council. All payments selected for sampling were supported by an invoice, approved and VAT was properly accounted for, the Council has now implemented dual authority on all electronic payments. Direct debits were agreed and approved by Council in May 23.

A voluntary group within the village has been successful in funding for a new play park for the Parish, the council have agreed to pay the VAT element amounting to £12,160.88, this is to be paid in 4 instalments, one instalment has been paid in 22/23 and the remainder in 23/24, all amounts have been reclaimed from HMRC. The play park has now been signed over to the Parish Council.

### **Risk Assessment Arrangements**

Insurance - The council has opted not to include cover for business interruption and has no cyber cover in place, the council should investigate risk vs cost, this decision should be highlighted on the risk register. All other levels of insurance cover are appropriate for the size of the council.

There are appropriate arrangements in place for the inspection of play area and open spaces.

### **Budgetary controls**

The Council has prepared a budget in support of the precept and it was discussed and adopted by Council in January 2024. Budget v's spend are regularly reported to council and the level of general reserves is within proper practice. The Council has no earmarked reserves, however, they do have some ring fenced monies that should be highlighted in the year-end statements.

### **Petty Cash**

The council does not hold petty cash.

### **Assets Control**

The Council has an asset register of all material assets owned or in its care, this is kept up to date, there is no physical verification of assets, recommend these are checked (could be part of day to day walkabout) and any issues reported to Council.

**Bank reconciliation**

Bank reconciliations are carried out regularly and reviewed by members, there was some inconsistency with the signing and initialling of the bank statements. Ensure member checks are dated.

**Year-end procedures**

The accounts were prepared on the correct basis, are accurate and agree to the Council's cashbook.

**Miscellaneous**

For information. Email management – the council should have an email account that belongs to the council and to which the council has access. To comply with GDPR councillors should be provided with an official email address which must be only used for official council business.

**Publications**

The authority failed to publish the required information on its website at the time of the internal audit in accordance with the transparency code. The council failed to display all expenditure over £100 and the end of year accounts. I have therefore answered 'No' to control objective L.

**Conclusion**

I am pleased to conclude that the Clerk has maintained a good standard of record keeping and all recommendations from the previous internal audit have now been implemented. There are some areas that have been highlighted in this report that the council will need to address.

I have confidence that the figures lifted into the Statement of Accounts for the financial year ended 31st March 2024 are accurate.

I would like to thank the Sarah for her assistance during the internal audit.

Faye Hazlehurst FMAAT

Internal Auditor – 8 May 2024