**Summary**

I have completed the Internal Audit of Much Hoole Parish Council for the year ended 31 March 2024.

The internal audit scope focused on the effectiveness of its risk management controls, governance and processes, ensuring they were adequate and fit for purpose.

Part of the audit was spent conducting selective assessments of compliance with relevant procedures and controls which included sample checks (6 items of income and 10 items of expenditure) which followed transaction types (income receipts, expenditure, and payroll) from original entry of transaction through to Council approval, payment, and final accounts.

The following specific areas were also reviewed as part of the Audit and observations provided below:

1. Accounting Records
2. Standing Orders and Financial Regulations, expenditure, approvals, and VAT accounting
3. Risk Management Controls
4. Budgetary Controls / Annual Precept
5. Income Controls
6. Petty Cash Procedures
7. Payroll Controls
8. Asset Controls
9. Bank Account Reconciliations
10. Monitoring (Accounting) Statements
11. Limited Assurance Review
12. Transparency of published information on a website
13. Exercise of Public Rights
14. Publication requirements for AGAR
15. Trust Funds
16. **Accounting Records**
    1. The prime accounting entries for income and expenditure are recorded accurately and are recorded in detail and correspond with the Annual Return.
    2. The supporting documentation (invoices and receipts) are well maintained (with a few minor exceptions in terms of missing documentation) and provide a clear audit trail from underlying transaction records through to the Annual Return.
    3. The Council records VAT accurately within its book-keeping and is able to recover VAT, evidenced by a VAT re-claim on 24 May 2023 of £1,751.51.
17. **Standing Orders and Financial Regulations**
    1. It is noted that Standing Orders and Financial Regulations were adopted by Council on 5 February 2024.

2.2 It is noted that Council complied with its Financial Regulations and payments were supported by invoices and all expenditure was approved by Council and VAT appropriately accounted for.

2.3 It is noted that the appointed Responsible Financial Officer is the current Clerk.

1. **Risk Management Controls**

3.1 Minutes are prepared for all meetings of the Council and subsequently approved and signed by Council. No unusual financial activity was found in the minutes reviewed.

3.2 The Clerk provided a draft copy of the Risk Management Plan which will be reviewed and approved by Full Council, at their meeting on 10 June 2024.

3.3 Certificate of Employers Liability Insurance certificate was available for viewing as was the renewal notice which lists out the types of insurance cover in place, and assets covered (as per the Asset Register). The insurance renewal premium was approved by Council at their meeting on 15 May 2023 and transaction cleared the bank on 10 July 2023.

1. **Budgetary Controls/Annual Precept**

4.1 A detailed draft budget is prepared annually for Council consideration in support of the precept proposal. This was reviewed at the Full Council meeting on 8 January 2024 where total expenditure budget for 2024/25 was set at £43,666.

4.2 Full Council at their meeting held on 8 January 2024 reviewed and resolved/approved the Parish Precept for 2024/25 be set at £17,530.

4.3 The precept for 2023/24 was received on 17 May 2023 in the value of £10,881.

4.4 The budget is prepared to a documented timetable and expenditure against budget is monitored.

4.5 Unexplained variances from the budget are recorded in the AGAR, where applicable.

1. **Income & Expenditure Controls**
   1. Income is properly received, recorded, and documented. Total annual income for the Council for 2023/24 is £21,356.

5.2 Expenditure is supported by invoices, authorised/verified by Council and minuted accordingly. Total annual expenditure for the Council for 2023/24 is £29,211.

5.3 VAT on payments has been identified, recorded and evidence is shown that a process is in place to reclaim.

1. **Petty Cash Procedures**
   1. The Council does not operate any form of petty cash process and therefore cash procedures were not reviewed.
2. **Payroll Controls / HR Procedures**

7.1 The Clerk is employed and is remunerated through salary payments and applicable PAYE/NI is applied. The Council makes appropriate PAYE/NI payments as an Employer.

7.2 The Clerk’s monthly salary payment is included on the payment list presented to Council for approval at each Council meeting.

7.3 The Clerk’s contract of employment was not made available, however, assume this is currently being produced as the current Clerk has only been in office since 1 May 2024.

7.5 The Council has a Lengthsman who is self-employed. A contract for the Lengthsman is in place which outlines the terms and conditions of the role. Monthly payments to the lengthsman are presented to Council for approval at Council meetings.

1. **Asset Controls**
   1. The Council maintains a Schedule of Assets. The Schedule of Assets will be reviewed by Council at its forthcoming full Council Meeting on 10 June 2024.

The Schedule of Assets provided has provisions to show all assets purchased and disposed of throughout the financial year, a corresponding asset value and an estimate noted if the asset is historic and the actual value not available. The Schedule of Assets also indicates whether the asset is insured and an insurance value.

***Internal Audit Recommendation: The Schedule of Assets should have a total value and be net of VAT and Council should ensure this corresponds with the disclosure in the AGAR (item 9).***

1. **Bank Account Reconciliations**

9.1 Financial submissions to Council include periodic Bank Reconciliations for bank accounts held by the Council (Unity Trust Bank – 2 x Instant Access Account and 1 x Current Account). Bank accounts are reconciled, authorised by Council and minuted accordingly.

9.2 Bank balances on 31 March 2024 (including uncleared cheques) were £32,305.

9.3 Evidence is provided to demonstrate that the Bank Reconciliations are reviewed periodically against the Bank Statements and approved by Council.

1. **Monitoring (Accounting) Statements** 
   1. The Internal Auditor was unable to find evidence of Council being presented with periodic Monitoring Statements.

***Internal Audit Recommendation - Monitoring Statements, which together with the Bank Account Reconciliations, effectively gives Council an accurate and ongoing overview of the financial state of the Parish Council.***

***Refer to Financial Regulations 4.8 - The Monitoring Statement would typically include the full year budget, year to date income received, year to date expenditure approved and expensed (reported against each budget category), balances brought forward and cross reference against the cash balances in the Bank Accounts. It is recommended that Council consider adopting this type of financial reporting to supplement the Bank Account Reconciliations and review and approve at Council meetings on an agreed frequency throughout the year e.g. quarterly.***

1. **Limited Assurance Review – Certificate of Exemption**
   1. Not applicable.
2. **Transparency of published information on a website**

12.1 The Council publishes information on its website ([www.muchhoolepc.org](http://www.muchhoolepc.org)) which is up to date at the time of the internal audit and in accordance with relevant transparency code requirements.

1. **Exercise of Public Rights**

* 1. The Council provided for the exercise of public rights (as required by the Accounts and Audit Regulations 2015) of the Accounts for the year ended 31 March 2023 (as evidenced by the notice published on the website and approved minutes dated 9 October 2023 confirming the dates set).

1. **Publication requirements for AGAR**

14.1 The AGAR publication requirements were completed for 2022/23, however the dates of publication were 11 October 2023 to 9 November 2023 and therefore the Council did not meet its publication requirements of the Accounts and Audit Regulations 2015.

***Internal Audit Recommendation – The Council must comply with the publication requirements/timelines of the Accounts and Audit Regulations 2015.***

1. **Trust Funds**

* 1. Not applicable.

**Conclusion**

It is my considered view that overall, the accounts, other supporting records and documentation, processes and internal controls of the Council are maintained to a good level, are adequate and fit for purpose.

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**Signed: ………………………………………………….**

**Amanda Partington**

**5 June 2024**