

# Annual Internal Audit Report 2023/24

## DESFORD PARISH COUNCIL

www.desford-pc.gov.uk

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>	✓		
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.	✓		
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 <i>(during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
<b>O. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 09/05/2024 14/05/2024  
 Name of person who carried out the internal audit: **LRALC** Internal Audit Service Joanne Lowe

Signature of person who carried out the internal audit:  Date: 14/05/2024

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).



## Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Desford Parish Council		
Name of Internal Auditor:	Joanne Lowe	Date of report:	14 <sup>th</sup> May 2024
Year ending:	31 March 2024	Date audit carried out:	9 <sup>th</sup> May & 14 <sup>th</sup> May 2024

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.*

*The proper practices referred to in Accounts and Audit Regulations are set out in JPAG Practitioners Guide. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed.*

***The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.***

### To the Chairman of the Council:

I have been allocated by the Leicestershire & Rutland Association of Local Councils (LRALC) as the appointed Internal Auditor for Desford Parish Council for the financial year ended 31<sup>st</sup> March 2024. My role as internal auditor, acting independently and on the basis of an assessment of risk, is to carry out a selective assessment of compliance with relevant procedures and controls which were in operation during the financial year.

I would like to thank your Clerk Pip Gould for her support and openness during our meeting on Tuesday 14<sup>th</sup> May 2024 and for her helpful assistance with forwarding all requested information prior to the audit.

The following topics were reviewed against our standard checklist format:

#### General Joint Panel on Accountability and Governance (JPAG)

- All meetings were called lawfully.
- Minutes for April 23 / Dec 23 / Feb 24 were requested. All were correctly initialled and appropriately signed
- Public participation not being part of a Parish Council meeting. ***Therefore the minutes must state the adjournment of the meeting whilst public participation is taking place to allow members of the public to raise questions or comments or to make representations. The minutes should then state that the Parish Council meeting has re-convened.***
- All statutory responsibilities were met by the Council for the APCM
- Order of items on the agenda for the AMPC followed the stipulated agenda within Standing Orders

- Confidential sessions were dealt with appropriately and included the correct resolution to exclude the public

#### Accounting Records

- All arithmetic was correct and ledger maintained and kept up to date.
- There was evidence of monthly reporting and minuting of bank balance that was appropriately reconciled against income and expenditure for each PC account.
- End of year bank reconciliations agreed with AGAR Section 2 Box 8

#### Financial Requirements

- The Council has up to date versions of Standing Orders and Financial Regulations that have been tailored to the needs of the Council.
- There was evidence of internal control through the year regarding payments, supported by invoices and appropriately minuted and authorised at the PC meetings, ***however it was advised that an internal control policy is adopted to highlight all control measures that are in place.***
- VAT is suitably reclaimed every quarter
- There are adequate control measures in place specific to the risks of online banking.

#### Risk Management

- No record of the Council's risk assessment could be found in the minutes nor the website. ***It is recommended that an annual risk assessment is adopted by Council and available to view on the website as soon as possible.***
- The Council's insurance cover is appropriate and has been suitably tailored to the needs of the Council, for example the recent inclusion of the wall around the churchyard that is owned by the PC.

#### Precept and Budget

- The Council shows evidence of adequate budgetary processes and has adequate levels of reserves in place.
- ***Progress against the budget during the financial year to highlight any actual or potential overspend is required.*** As advised, this report can be generated using Scribe software that has recently been implemented by the Clerk.
- The Council minutes for January 2024 outline the total budget as well as the specified precept demand made to the principle authority for the financial year. This has been correctly agreed by a full Council resolution.

#### Expected Income – Cemeteries/Allotments/Halls/Hall Hire/Leases

- The Council receive income from the management of cemeteries and allotments.
- All aged debtor lists are reviewed and actioned where appropriate
- The register of burial and purchased graves are completed appropriately
- Allotment lists are up to date and signed tenancies are in place

#### Salaries

- There are three employees who have been correctly appointed and issued with correct contracts of employment.
- Payroll services are contracted out and staff are paid on a monthly basis with monthly submissions to HMRC

#### Asset/Investment Register

- The Council has adopted a good example of an accurate and itemised asset register. Assets have been accurately valued and compare with the insurance schedule. It was advised that at adoption each year, the disposal or purchase of specific assets is recorded. It is advised that the latest asset register is uploaded to the Council as soon as practically possible.
- The Clerk holds a register of all deeds, articles and land register references.



### Accounting Statements

- Year end accounts are prepared on a receipts and payments basis and the bank statements and ledger accurately reconcile.
- Bank account statements were presented throughout the year with evidence of a financial trail through the minutes.
- All invoices were presented during the invoice spot check with all being approved by Council, appropriately minuted and paid correctly.

### Transparency Code

- The following were accessible on the website by 1<sup>st</sup> July 2023 - End of year accounts / Accounting Statement / Annual Governance Statement/ Internal and External Audit / Asset Register / Cllr responsibilities.
- Draft minutes are all PC meetings and committee meetings are published within one month of the meeting
- The Council website contains up to date information and has adopted a gov.uk domain.

### Exercise of Public Rights

- The Council identified the 30 day working notice for inspection. ***However the dates need to be identified in the minutes during the approval of the AGAR***

### Miscellaneous/Good Practise/Legislation

- There is evidence that internal and external reports were received and actioned
- All electronic files are backed up using a Cloud based system.
- The Council have adopted an Equal Opportunities Policy and a Complaints Procedure
- Agendas are signed, items contain suitable detail and show the date of publication to evidence 3 clear days notice
- No S137 spend was incurred during 2023-24 however all S137 is separately recorded and within the limits of expenditure. Due to the recent adoption of Scribe software, recent S137 expenditure has been appropriately recorded and will be uploaded onto the website.

Have comments from the internal audit 2022-2023 been addressed?

### Observations from last year's audit

Council meetings not to take place on bank holidays	A scan of the Council meetings that took place during 2023-24 were lawfully convened
Lawful hosting of the Annual Parish Meeting	Council has addressed this and properly convened the Annual Parish Meeting on 24 <sup>th</sup> May 2023
Order of items for APCM did not follow Standing Orders	The order of items for APCM followed the stipulated agenda as per Standing Orders
Reasons for excluding public not explicit enough from confidential items	The Clerk has address this as shown in the minutes for October 23
File formats noted as inconsistent for Council documents	Council have correctly addressed this with all documents being PDFs
Agendas and minutes not all available	A scan of the Council website under the Calendar and document library showed that all agendas and minutes were available.
Data protection issues in minutes with personal details not being removed or redacted.	There is evidence that the Council have addressed this satisfactorily.

Check of progress against the budget wasn't being monitored	Council have addressed this by adopting Scribe as their accountancy software and the presentation of summary reports to Council.
When reviewing policies, they were not itemised on the agenda	This is an ongoing issue.
Inconsistencies with Financial Regulations	These have been properly addressed by Council.
Ensure everyone carrying out inspections receive adequate training	The Council has addressed this issue
Add cybersecurity to insurance policy	The Council has addressed this issue
Minutes contain agreed overall figures for the precept requirement	The Council has correctly adopted this procedure
Retention of all cemetery documents in a fire safe	The Council has adopted this procedure
Review all staff contracts and ensure they meet legal requirements	The Council has addressed this issue
3 clear days for all Council meetings	The Council has addressed this issue
Publication of internal and external audit reports on website	The Council has addressed this issue
Business rate exemption for Hunts Hill Cemetery	The Council has correctly addressed this issue

**Areas in the 2023-2024 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked**

	Reason
A	
B	
C	
D	
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M	
N	
O	

## Recommendations for action 2023-2024

Areas for consideration or improvement	Recommendation
A comparison with the budget during the financial year to highlight any actual or potential overspend is required.	To add regular (suggested quarterly) budget reports to show progress against budget spend. This can be achieved through the reports generated by Scribe that has been recently adopted.
Public participation is not part of the Council meeting. Minutes therefore must state the adjournment of the meeting whilst public participation is taking place to allow members of the public to raise questions or comments or to make representations. The minutes should then state that the Parish Council meeting has re-convened.	Future minutes to state the adjournment of the PC meeting to open public participation and also state when this item has finished to re-open the meeting. Alternatively, place public participation at the start of the meeting before the PC meeting opens. It would also be useful to add information to Council's website outlining the procedure during the public participation session as per Council's standing orders
Adoption of an Internal Control Policy to highlight all control measures that are in place.	Adoption of an internal control policy
It is recommended that an annual risk assessment to assess the risks of all PC activities and how they can be reduced	To adopt a Parish Council Risk Assessment and review annually.
The specified dates agreed by Council for the exercise of public rights need to be identified in the minutes during the approval of the AGAR	Minute the specified dates for the exercise of public rights during the approval of the AGAR

Yours sincerely,



Mrs Joanne Lowe  
 Internal Auditor to the Council  
 07548111062  
 joaneloweaudits@gmail.com

The figures submitted in the Annual Governance and Accountability Return are:

	<b>Year ending 31 March 2023</b>	<b>Year ending 31 March 2024</b>
1. Balances brought forward	194717	176423
2. Annual precept	137200	154153
3. Total other receipts	239643	79335
4. Staff costs	46509	45000
5. Loan interest/capital repayments	0	0
6. Total other payments	348628	172686
7. Balances carried forward	176423	192225
8. Total cash and investments	176423	192225
9. Total fixed assets and long-term assets	1878137	1878039
10. Total borrowings	0	0



## Section 1 – Annual Governance Statement 2023/24

We acknowledge as the members of:

Desford Parish Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2024, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

**\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

15/05/2024

and recorded as minute reference:  
Full Council Minute Ref 17.3

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

Clerk

<https://www.desford-pc.gov.uk>

ONLY AVAILABLE WEBSITE/WEBPAGE ADDRESS



## Section 2 – Accounting Statements 2023/24 for

Desford Parish Council

	Year ending		Notes and guidance
	31 March 2023 £	31 March 2024 £	
1. Balances brought forward	194,717	176,423	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	137,200	156,353	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	239,643	79,635	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	46,509	45,372	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	348,628	174,815	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	176,423	192,225	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	176,423	192,225	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	1,878,137	1,878,039	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)		✓		The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)			✓	The figures in the accounting statements above exclude any Trust transactions.

I certify that for the year ended 31 March 2024 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval



Date 15/05/2024

I confirm that these Accounting Statements were approved by this authority on this date:

15/05/2024

as recorded in minute reference:

Full Council 15.05.2024 Ref: 17.4

Signed by Chair of the meeting where the Accounting Statements were approved

