Etaerio Ltd

Annual Internal Audit Report

for

Flamstead Parish Council

for the financial year ended
31 March 2023

'Legacy Programme'

Auditor:	*Philip Rhoden*
Internal Audit Date:	*13/06/2023; 16/06/2023; and offsite*
Report Date:	*19/06/2023*
Financial Year:	*2022/23*

Etaerio Ltd

Schedule of Recommendations

Client: Flamstead Parish Council
Y/E: 31 March 2023

Recommendations generally reflect proper practices from the 'JPAG Practitioners' Guide' for smaller authorities & external auditor-issued guidance over the years.

	Control	Recommendation(s)
1	Proper bookkeeping.	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls.	The council's Standing Orders specify that the Financial Regulations be reviewed annually. The Financial Regulations were last reviewed in September 2021. I recommend that the Financial Regulations be reviewed including clarification of which is the applicable provision for purchases between £500 & £1,000 (comparing 11.1 (b) (ii) & (iii)). I recommend that when the payment lists approved at meetings are signed they be signed on each page where the list goes over one page. Noting that the financial regulations were previously updated to include provisions relating to online bank payments, including a daily limit, I recommend that when financial regulations are next reviewed, the council considers whether any additional functionality is available from the bank's online system such as a separate payment authorisation step equivalent to members signing cheques, and if so whether and how these might be practically implemented. If not I recommend that the council considers other compensating controls. Given the move to online payments, and therefore cheque signing controls not being used, I recommend that when payment lists are presented to meetings, at the same time as the list is considered a councillor examines the supporting invoices and signs them to confirm approval. For the tarmac area at the Pavilion, two quotes were sought due to difficulties obtaining quotes, whereas the Financial Regulations specify three quotes for a contract of this value. I recommend that in these circumstances the specified number of quotes be sought, or if the council decides otherwise, that the suspension of standing orders be specifically recorded in the minutes including the reason.
3	Risk management arrangements.	Noting that the internal audit report re 2021/22 was formally approved at the June-22 meeting, I recommend that it is good practice to include consideration of the matters raised in formal minutes.
4	Budgetary controls.	None.
5	Income controls.	None.
6	Petty cash procedures.	Not applicable.
7	Payroll controls.	None.
8	Assets controls.	I recommend that it is good practice for the method of asset valuation adopted (policy) for the valuation included in the AGAR to be formally recorded in the asset register with reference to its last approval by the council. Good practice is included the Practitioners' Guide.
9	Bank reconciliation.	None.
10	Year-end procedures.	None.
11	Exempt authority	Not applicable.
12	Website information	It is a requirement of the Freedom of Information Act that public bodies publish certain information on their website. I recommend that the council publishes its 'Guide to Information' on its website using the ICO template for parish councils, and including the council's schedule of fees and a link to the ICO Model Publication Scheme.
13	Public rights	Noting that the link on the webpage and the period in the notice correctly referred to 2022, it appears that the 2021 public rights notice template was used. I recommend that going forward, the current version of the template be used each year.
14	AGAR Publication Requirements.	The Annual Governance and Accountability Return 2021/22 published with the public rights notice on the council's website was the electronic version not including signatures. I recommend that going forward the signed version be used as was the case with the return published on the website with the notice of conclusion of audit.
15	Responsibility as a sole managing trustee.	Not applicable.
16	Basic IT controls.	I recommend that the council considers encrypting the data still stored on its laptop and on its general USB backup media, (e.g. using Windows Bitlocker), making suitable arrangements in relation to the password. The clerk has already undertaken to speak to someone about this.

Annual Internal Audit Report 2022/23

FLAMSTEAD PARISH COUNCIL

flamsteadparishcouncil.gov.uk

During the financial year ended 31 March 2023, 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 2022/23 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. This internal audit objective is not applicable			✓
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 2021/22, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")*			✓
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. Guide to information not included, council to review		✓	
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).*	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR *(see AGAR Page 1 Guidance Notes).* Unsigned AGAR version used for public rights, already corrected for notice of conclusion.		✓	

	Yes	No	Not applicable
O. (For local councils only) 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: 13/06/2023 16/06/2023

Name of person who carried out the internal audit: ETAERIO LTD

Signature of person who carried out the internal audit: P.K. Rhoden PHILIP RHODEN, DIRECTOR

Date: 19/06/2023

***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).