

Internal Audit

This latest audit was significantly different to previous audits, the first revision contained most No's. After some discussion and corrections some of the points were updated.

The council had further questions as they believed some points were still incorrect, but as the Auditor refused to correspond any further with the Chair the council decided to accept the latest version to allow submission within the deadline.

The outstanding points were for example

1. *"The clerks contract states that she is to be paid £800 per annum but does not state how many hours work you expect them to work. The SLCC say that clerks should be paid a minimum of 4 hours per week. This contract on those guidelines suggests you are paying your clerk £3.85 per hour. The minimum wage rate is £11.44 per hour and paying below this rate is ILLEGAL. Councils have a legal and moral obligation to ensure compliance to their employees.*

I therefore cannot sign boxes C and D as you have not budgeted correctly for the council and this poses a big financial risk for the council."

The council had replied we are a very small council, we only meet 6 times annually and 35 hours per meeting seemed excessive. The budget was based on what the previous Clerk was paid.

2. *"The council has also paid Vat on items and has not recovered that money by completing a VAT form – I will therefore not sign off box B. "*

The council replied that the council is not VAT registered, and none of the payments made were subject to VAT.

3. Assets and investments registers were complete and accurate and properly Maintained was marked as No

The Council have an asset register on the website, and no investments.

4. The Authority has complied with the publication requirements for 2022/23 AGAR Was marked No as the auditor had said they could only find page 6

The Council provided links to all the required forms that were on the website as required.

Annual Internal Audit Report 2023/24

Cutsdean Parish Council

www.cutsdeanparishcouncil.co.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.			N/A.
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. (If the authority had a limited assurance review of its 2022/23 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.		✓	
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 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).	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).		✓	
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

Name of person who carried out the internal audit

10/6/2024 DD/MM/YYYY DD/MM/YYYY

Charlotte Matthews

Signature of person who carried out the internal audit



Date 20/06/2024

*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).



Cutsdean.... PARISH COUNCIL

Internal auditor's report for the year ended 31 March 2024

Name of Auditor: Charlotte Matthews

GAPTC internal audits comply with the proper practices outlined in the Governance & Accountability for Smaller Authorities – A Practitioners' Guide and the Accounts and Audit Regulations 2015.

The GAPTC internal audit reviews and reports on whether the systems of financial and other internal controls over its activities and operating procedures are effective. The audit tests a variety of documents, including agendas and minutes, policies, insurance and risk management processes, to ensure Council meets the requirements set out in the Annual Internal Audit Report in the Annual Governance & Accountability Return. The internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

Our auditors are independent of the Council and are competent to be able to carry out the requirements of the internal audit service.

NOTE The auditor will complete the Annual Internal Audit Report (AIAR) page on the Annual Governance & Accountability Return (AGAR). The AIAR informs the Annual Governance Statement (AGS) assertions on the AGAR, so when council reviews the AGS, the responses must reflect the AIAR report.

1. Council working documents

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
1.1	Have Standing Orders been a) tailored to council? b) reviewed using	Yes Yes	Recommend that all minutes are uploaded to the website as per the transparency code for smaller authorities to ensure compliance	Evidenced within the Agenda for May 2023 Item 5a

	the most recent version? c) minuted?	Yes	Annual Governance Statement Assertion 1	
1.2	Have Financial Regulations been a) tailored to council? b) reviewed using the most recent version? c) minuted? (Objective B)	Yes Yes Yes	Annual Governance Statement Assertion 1	Evidenced on the council website Minutes for May 2023 item 5b can be found on the agenda,
1.3	Does the council a) give grants? b) have a grant-awarding policy?	No N/A		Council does not award grants
1.4	Have items/ services been competitively purchased in accordance with Financial and/or Procurement Regulations?	No	Annual Governance Statement Assertion 2 & 3	Can see no evidence within the agenda that quotes were considered for items such as defibrillator
1.5	Code of conduct reviewed in the last 2/3 years?	Yes	Annual Governance Statement Assertion 3	Evidence viewed in May 2023 agenda Item 5e – evidence on the agenda

2. Finance

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
2.1	Has the General Power of Competence been adopted (e.g., a minute reference), if Council qualifies?	No	Annual Governance Statement Assertion 3	Council does not meet requirement
2.2	S137 a) is there a separate account for payments? b) are totals within statutory limits? (for Council's that do not held General Power of Competence)	Yes Yes	Annual Governance Statement Assertion 1 & 3	Budget shown within cash book which is within the limits but not spent
2.3	Is there an annual council authorisation of Direct Debit list and Standing Orders? (Objective B)	No	Annual Governance Statement Assertion 1	Not evidenced in minutes that this is done annually. Payments are agreed monthly but shows no evidence of what they are.
2.4	Was Petty Cash expenditure approved, if any? (Objective F)	N/A	Annual Governance Statement Assertion 1	No petty cash held
2.5	Is all expenditure supported by VAT invoices, if	No		Council does not claim the VAT

applicable? (Objective B)		Annual Governance Statement Assertion 1		
2.6	VAT –			
	a) recorded in accounts	No	Recommend – that the council registers and reclaims VAT on invoices that are charged to council with VAT.	Council does not claim VAT
	b) reclaimed? (Objective B)	No	Link to register for VAT https://www.gov.uk/guidance/claim-a-vat-refund-as-an-organisation-not-registered-for-vat	

Annual Governance Statement Assertion 1

3. Risk management

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
3.1	Insurance policy			
	a) in place?	Yes	Recommend that this be given a separate agenda item and not placed under clerks' report.	Minuted that the council insurance policy is in place and has been reviewed by full council.
	b) cover reviewed to ensure still fit for purpose? (Objective C)	Yes	Annual Governance Statement Assertion 5	Minuted May 2023 item 10a
3.2	Copy of Risk Management policy			
	a) adopted?	Yes		Policy is shown on the website and minuted May 2023 item 5c evidenced on the agenda,
	b) reviewed annually by Council? (Objective C)		Annual Governance Statement Assertion 5	

3.3	Asset register				
	a) reviewed regularly? (Objective H)	Yes			Item is on the agenda and evidenced within the minutes. January 2024 item 5c
	b) published on website? (Objective L)	Yes	Annual Governance Statement Assertion 5		
3.4	Evidence that assets				
	a) have been inspected for risk?	Yes			Can not find a review of the assets.
	b) reported in minutes?	Yes			there is a minute to say notice board has been inspected and is checked on a frequent basis
	c) any actions undertaken? (Objective C)	No	Annual Governance Statement Assertion 5		
3.5	Evidence that internal controls				
	a) take place?	No	Recommend that these be added to the agenda		Evidence that a financial risk policy is agreed and adopted, and the minutes show financial spreadsheet has been given for consideration but does not show what controls are completed and minuted 7 th July item 7c. item minuted gives no clarification and is vague. Clerk says that this forms the financial check on the agenda but is not minuted as such.
	b) are documented?	No	under financial controls and a policy adopted to say		
	c) minuted? as per Council's Financial Regulations/Standing Orders (Objective B)	No but....	what those controls are.		
			Annual Governance Statement Assertion 2		
3.6	Bank reconciliations are on agenda to be considered by Council? (Objective I)	No But....	Recommend that this be added to the agenda under financial controls and evidenced on minutes as 'council to note bank reconciliation', under financial and not under clerks' report. Anything not itemised on the agenda without clear instruction cannot be decided upon.		Can find no evidence of bank reconciliations on agenda and minutes see 3.5 above. Clerk states that this is completed under the financial statement item on the agenda.

			Annual Governance Statement Assertion 1	
3.7	Review of			
	a) investments?	N/A		No investments are held.
	b) bank mandates (signatories on bank accounts)?	No		Bank signatories have not been considered during the year.
	(Objective B/C)		Annual Governance Statement Assertion 1	
3.8	If bank cards in use, are proper procedures in place?	N/A		No bank cards are issued.
	(Objective B)		Annual Governance Statement Assertion 1	
3.9	Are			
	a) physical records secure?	Yes		Discussion with Clerk.
	b) electronic records backed up?		Annual Governance Statement Assertion 5	a) Physical records are kept at clerk's home address. b) Electronic copies backed up to the Cloud.

4. Budgetary controls

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
4.1	Was a budget properly for the year under review			
	a) prepared?	Yes	Recommend - that the budget be given its own item number on the agenda that is not under clerk's report.	Evidenced within the minutes budget is considered and agreed. Minuted under clerks' report of January 2023
	b) adopted?	Yes	Anything not itemised on the agenda without clear	item 6c

	c) minuted? (Objective D)	Yes	instruction cannot be decided upon.	
			Annual Governance Statement Assertion 1	
4.2	a) Were the earmarked objectives of the reserves identified in the budget, if any?	Yes		Evidenced in the annual budget that reserves are listed.
	b) Were the general reserves reasonable? (Objective D)	Yes		Reserves were within the limits recommended
			Annual Governance Statement Assertion 1	
4.3	Was the precept demand for the year under review properly minuted in full council?	Yes	Recommend that the precept be separately considered to the budget and minuted separately Anything not itemised on the agenda without clear instruction cannot be decided upon.	Precept was agreed and minuted in clerks report only and not given its own agenda item.
4.4	Did the council a) regularly compare budget vs spend (as detailed in the financial regulations)	Yes	Recommend that this item be added as a separate item to the agenda. Anything not itemised on the agenda without clear instruction cannot be decided upon.	Council minutes financial statement being agreed but doesn't have an explanation in minutes what that contains
	b) and evidenced in the minutes? (Objective D)	No		
			Annual Governance Statement Assertion 1	

4.5	Are any significant variances from budget reported?	No	Recommend that this item be added as a separate item to the agenda. Anything not itemised on the agenda without clear instruction cannot be decided upon.	Council minutes financial statement being agreed but doesn't have an explanation in minutes what that contains but not evidenced on agenda and minutes.
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Annual Governance Statement Assertion 2

5. Payroll

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
5.1	Do all staff have a contract of employment?	Yes	This should be reviewed. Budget for clerk is £800 per annum, budget does not seem appropriate considering the associated costings of actions linked to meeting and preparation of other required responsibilities of the Clerk/RFO.	Evidence viewed but.... see recommendations
Annual Governance Statement Assertion 3				
5.2	Do salaries paid agree with those approved by Council? (Objective G)	No	Recommend that a clear statement (payments being made to be itemised to include the amounts) of payments are put on agenda for consideration and then minuted appropriately	Evidenced within the minutes under financial statement but does not give any indication to payments made and agreed by full council. All items should be clearly listed.
Annual Governance Statement Assertion 1				
5.3	Has Council a) registered as an employer with HMRC?	Yes		Council contract wage related items out to an external company (outsourced to external payroll company).

	b) have PAYE / NIC been properly dealt with (including year-end procedures)? (Objective G)	Yes		
5.4	Are Councillor's allowances and expenses properly authorised & controlled, if any?	N/A	Annual Governance Statement Assertion 1	Councillors' expenses have not been claimed or paid
5.5	Pension provision – eligible employees			
	a) offered pension scheme?	Yes	Recommend that this be placed on the agenda for consideration.	Pension is outsourced to a contractor (Payroll administrator) and trust all aspects have been considered including thresholds.
	b) outcome minuted?	No		
			Annual Governance Statement Assertion 3	
5.6	Is Council			
	a) registered with the Pension Regulator for auto-enrolment pensions?	Yes	Recommend that this be placed on the agenda for consideration and is evidenced seeking further clarification from PATA	I can find nothing minuted to suggested this happened. Last report undertaken for the internal audit purpose relating to the Financial year of 2022/23 which noted it should be on July 2023 Agenda by the previous auditor.
	b) Has auto-enrolment registration with Pension Regulator been reviewed (required every 3 years)	Unsure		
			Annual Governance Statement Assertion 3	

6. Year-end procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
6.1	Are debtors and creditors recorded properly on a separate balance sheet if using Income & Expenditure reporting? (Objective J)	Yes	Annual Governance Statement Assertion 1	Income and expenditure accounting system utilised (cashbook viewed).
6.2	Does Council as a whole consider the year-end accounts in addition to 6.5? (Objective J)	No	Recommend that the council consider the year end accounts and the internal audit report together and agree actions that should be undertaken under an item on the agenda to agree actions to be undertaken. Annual Governance Statement Assertion 1	Internal audit was reviewed by clerk and given to councillors upon request and minuted May 2023.
6.3	Minute confirming that council is eligible for Certificate of Exemption (only for councils with a turnover of less than £25,000) (Objective K)	Yes	Recommend that this be added to the agenda and given its own agenda item and be published on the council website under a relevant heading Annual Governance Statement Assertion 1	Application for exemption was Found under the events tab on the parish council website. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/http://www.cutsdeanparishcouncil.co.uk/documents/Certificate%20of%20Exemption%202023.pdf
6.4	Annual Governance			

	Statement, section 1 of Annual Return, approved by whole council (with separate minute number from Section 2 below)?	Yes	Recommend that this be added to the agenda and given its own agenda item and be published on the council website under a relevant heading	Found under the events tab on the parish council website but isn't on the agenda .
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council (with separate minute number from Section 1 above)?	Yes	Annual Governance Statement Assertion 3 Recommend that this be added to the agenda and given its own agenda item and be published on the council website under a relevant heading	Found under the events tab on the parish council website but isn't on the agenda.
6.6	Are all sections of the Annual Governance & Accountability Return published on the website? (Objective L/N)	Yes	Annual Governance Statement Assertion 3 Recommend that this be added to the agenda and given its own agenda item and be published on the council website under a relevant heading	Found under the events tab on the parish council website.
6.7	Did council correctly provide for the exercise of public	Yes	Annual Governance Statement Assertion 3 Annual Governance Statement Assertion 4	Evidenced at chrome-

rights?
(Objective M)

extension://efaidnbmnnnibpcajpcglclefindmkaj/
http://www.cutsdeanparishcouncil.co.uk/documents/2022_23_Notice_of_Public_Rights.pdf

6.8	Previous internal audit report reviewed by council and action taken where recommended?	No	Recommend that the report be given to all councillors and placed on agenda for consideration under a specific item as apposed to making the report available on request	This was reviewed by clerk only and should be given to full council for consideration. Instead made report available on request
			Annual Governance Statement Assertion 7	
6.9	Previous external audit report (for councils with turnover over £25,000) reviewed by council and action taken where recommended?	N/A	Annual Governance Statement Assertion 7	Council does not meet the threshold

7. Other matters

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
7.1	Policies in place for compliance with GDPR, such as Data Protection Policy for Staff & Councillors and for	Yes	Annual Governance Statement Assertion 3	Policies are published on the parish council website and viewed. http://www.cutsdeanparishcouncil.co.uk/policies.html

	the public?			
7.2	Is the Council a Managing Trustee? No		Annual Governance Statement Assertion 9	
7.3	Do trustees meet at least once a year and publish separate accounts? (Objective O)	N/A	Annual Governance Statement Assertion 9	
7.4	Website Accessibility Statement on website home page? No		Recommend that this be published and displayed on the Parish council website and further advice and resources have already been provided	Have looked at every page on the website and can find no statement of accessibility.
			Annual Governance Statement Assertion 3	
7.5	Did council formally appoint GAPTC as the Internal Auditor? Yes		Annual Governance Statement Assertion 6	Minuted 4/5/2024
7.6	Are registers up to date for council-owned burial grounds (if any) and purchase of Exclusive Rights of Burials certificate completed? N/A		Annual Governance Statement Assertion 3	Paish council are not a burial authority

8. Procedures

Ref	Test	Meets	Internal Auditor's comments	Evidence
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		reqmts? Yes, No or N/A		
8.1	Minutes:			
	a) DPLs or other interests recorded?	Yes		Evidenced on the minutes and agendas
	b) published on website in draft form within one month (mandatory for councillors with a turnover of less than £25,000)? (Objective L)	Yes		
	c) initialled on each page and final page signed?	Yes	Annual Governance Statement Assertion 3	
8.2	List of members'			
	a) responsibilities (Objective L) and	Yes	Recommendation – that the forms be moved as per last years' recommendation to the relevant heading with councillors' information	Councillors are listed on the website with responsibilities shown,
	b) interests held and published on the website?	No	Recommend that these forms be filled out correctly as forms do not show councillors registration within the parish – so advise further conversation with monitoring officer. Clerk to engage with monitoring officer as a matter of urgency to ensure correct compliance.	Forms were found under events Tab; last years' recommendation hadn't been followed. Forms for registration of interest show that the councillors hold no interests within the parish and have no addresses within the parish that are owned or rented.
			Annual Governance Statement Assertion 3	
8.3	Agendas signed and displayed on website/noticeboard	Yes	Recommend - that AOB is removed from agenda. Recommend - that payments agreed be evidenced	AOB is on both agenda and minutes – this item is prohibited as no item can be given consideration without it being written on

s 3 clear days prior
to meeting?
(Objective L)

fully within the minutes as a clear payment
schedule.

agenda.
Payments made should be clearly evidenced
on the minutes

8.4 Summons issued in
proper format? No

Annual Governance Statement Assertion 3

Recommendation that the agenda include the
things noted in the evidence box as missing.

The agenda is not dated nor signed by the
clerk (a fundamental element to ensure
compliance)
There should be an item reference
dispensation requested.
The public participation notice is missing and
should say what standing order dictates

Annual Governance Statement Assertion 3