

INTERNAL AUDIT REPORT
1 April 2023 – 31 March 2024
ANNUAL : YEAR END

FELSTED PARISH COUNCIL

In order to ensure compliance with proper practices, the internal audit follows the guidance in the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide March 2023. The internal audit was carried out from supplied documents and records, the Council's website and discussions with the RFO and Parish Clerk. There were no major concerns. Queries and anomalies were fully discussed with the RFO and Clerk, and were either resolved, are commented on or are recommendations within this report. Congratulations are due to the Clerk for gaining the part 7 CiLCA certificate enabling the Council to use the General Power of Competence, and to the Assistant Clerk for gaining CiLCA.

Minutes of Full Council and Committees are published on the website together with agendas for the audit year. Signed minutes are retained in a folder. The Council meets monthly except for August. The Planning Committee met monthly. The Finance Committee met on five occasions. The Highways Committee met on three occasions.

Internal Control Objective A

Appropriate accounting records have been properly kept throughout the financial year.

The roll forward from the previous year was correct.

Sample checking of financial transactions was carried out matched to cash book, invoices, vouchers, cheque books, paying in book, payment lists and bank statements. Visual scan checks were carried out for the remaining transactions.

The Council has a current account with Barclays for Parish Council activities: Metro current account and Barclays savings account for the S106 monies for Nature Reserve. Cash book and bank statements are regularly reconciled.

The Bank Mandates are up to date. 4 councillors and the RFO for the Barclays current account; 3 councillors and the RFO for the Metro current account and Barclays savings account: 2 to authorise.

The requirement for an Investment Strategy appears not to be appropriate at this point in time. A large proportion of funds are Section 106 monies for the Nature Area which is constantly being enhanced.

Internal Control Objective B

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for.

The Council complies with its Financial Regulations on its website, based on an old model, last reviewed March 2023. No further comments as a new model is imminent and should be adopted at the earliest opportunity, appropriately customised for this council.

Standing Orders are on the Council's website last reviewed in May 2023. The April 2022 amendment regarding contracts and update for the Official Journal



of the European Union (OJEU) has not yet been incorporated. **Recommend:** Standing Orders are updated to include the April 2022 amendment regarding contracts and update for the Official Journal of the European Union (OJEU).

Sample checking of invoices was carried out as in internal control objective A. Payments are formally approved at Council meetings, a list having been circulated with invoices or vouchers prior to the meeting, the list is appended to minutes; a good audit trail is evident. The RFO sets up the online payments for Council spend following approval, is first authoriser and notifies the councillor signatories for the second authoriser. Cheques are used for Nature Area spend.

There are no Debit or Credit cards although the Clerk makes purchases of varying values and is reimbursed. **Recommend:** consideration is given to the Clerk having a Debit or Credit card with appropriate documented controls for ad hoc purchases.

VAT reclaims have been submitted and received up to December 2023, the January to March 2024 is to be submitted shortly.

Contract is in place with JCM Services for grounds maintenance.

Internal Control Objective C

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these

The Council has considered its risks which are recorded in council minutes for November 2023. The Risk Register is dated October 2023.

The Council's insurance is with Zurich under a three year agreement and was approved at Council in May 2023; the premium inclusive of tax totalled £2937.18 paid in May 2023. Cover appears appropriate. Council should check insurance for all contractors, companies and persons working for them.

Data Protection registration was renewed in August 2023.

Data is backed up on each officer's laptop locally and to One Drive.

Professional memberships are maintained with EALC, NALC, SLCC and RCCE.

The annual inspection of the Playgrounds and MUGA took place in June 2023. Regular inspections are carried out by the Village Attendant and documented.

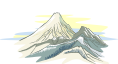
Amenities eg benches are regularly monitored by the Village Attendant.

Numerous policies are on the Council's website including but not limited to Complaints, Document Retention, Grant Awarding, Training and Development, Councillors' Code of Conduct.

Internal Control Objective D

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

The Council's draft budget is prepared by the RFO in conjunction with the Clerk before scrutiny at the Finance Committee for recommendation to Full Council; calculations are fully documented. The net budget for 2023/24 was £108,392 and precept demand £113,950: approval at Full Council December 2022. The precept amount matches DLUHC documentation. The budget and precept amounts together with Band D should be published in the minutes to record the complete resolution. A summary budget is on the Council's website.



Finance reports including bank reconciliations are provided and discussed at each Finance Committee meeting which are further considered at Council meetings when appropriate.

The Council has reviewed its reserves since the last internal audit. Using Final Accounts - Year end balance totals £172,771: General £43,426 and Nature Area (ringfenced Section 106 monies) £129,345. Council reserves from year end accounts are: General Reserve £14,674, Ear Marked Reserves/Projects £58,100 giving total Reserves of £72,744: Finance Committee is to review for recommendation to Full Council. The current JPAG guidance on the general reserve is for 3-12 months of revenue or operational spend, depending on the size of the council. **Recommend:** consideration be given to a Reserves Policy not least to clarify reserves required matched with the Council's aims.

Internal Control Objective E

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Income was checked as for Internal Control Objective A and has a good audit trail. Income is received by direct bank credit and paying in through the Post Office. Apart from the precept, income was mainly from grants, donations, Felsted Focus adverts, allotment rents and bank interest. Income is reported at meetings.

A grant of £7,896 was received from Groundworks for the Felsted Neighbourhood Plan. £7,716 was paid out to the Felsted Neighbourhood Plan Steering Group which is separate from the Council. **Recommend:** process for the Neighbourhood Plan including finances is checked for legality.

Invoices are raised and monitored by the RFO for magazine adverts and football pitch hire.

The Council is not registered for VAT.

Internal Control Objective F

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

Not applicable.

Internal Control Objective 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

There are 3 employees. The payroll is outsourced to Fisher Michael, all payments including salaries, PAYE and NI (employees and employer), and Pensions are made by the Council.

Contracts are based on the NALC/SLCC model.

There is no Members' Allowance.

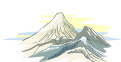
Internal Control Objective H

Asset and investments registers were complete and accurate and properly maintained.

The Asset Register is updated with new purchases and disposals when appropriate, based on insurance value. Last review was November 2023 see Council minute 238.5.

There are no long term investments.

There is no borrowing.



Internal Control Objective I

Periodic bank account reconciliations were properly carried out during the year.

Reports from the QuickBooks system are produced for the Finance Committee and include bank reconciliations as per checking for internal control objective A; for information at Full Council.

Internal Control Objective 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.

The Council operated an income and expenditure system which is entered and recorded on the QuickBooks finance system, supported by underlying records as detailed in control objectives A, B and E. Reports assist with monitoring which is carried by the RFO and councillors, mostly by the Finance Committee.

The final accounts were checked against the Cash Book and analysis, and are in balance allowing for minor rounding.

Internal Control Objective K

If the authority certified itself as exempt from a limited assurance review in 2022/2023, it met the exemption criteria and correctly declared itself exempt.

Not applicable

Internal Control Objective 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.

The Council publishes information on its website consistent with the Audit & Accounting Regulations 2015. The Freedom of Information publication scheme is on the council's website dated 7 December 2022.

Noted that the Council has a .gov domain.

Internal Control Objective 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).

Notices with accompanying documents are published on the Council's website.

Internal Control Objective N

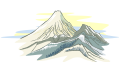
The authority has complied with the publication requirements for 2022/23 AGAR

Documents are on the Council's website.

Internal Control Objective O

Trust funds (including charitable) – The Council met its responsibilities as a trustee.

Not applicable.



Recommendations Summary

1.	Standing Orders are updated to include the April 2022 amendment regarding contracts and update for the Official Journal of the European Union (OJEU). <i>Internal Control Objective B</i>
2.	Consideration is given to the Clerk having a Debit or Credit card with appropriate documented controls for ad hoc purchases. <i>Internal Control Objective B</i>
3.	Consideration be given to a Reserves Policy not least to clarify reserves required matched with the Council's aims. <i>Internal Control Objective D</i>
4.	Process for the Neighbourhood Plan including finances is checked for legality. <i>Internal Control Objective E</i>

Thanks go to the RFO and Clerk for their input and time afforded to me. Thanks also to the Council for the opportunity to carry out the Council's Internal Audit which I trust meets with your approval and requirements. Should you need any further information or assistance please do not hesitate to contact me.

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May 2024

