

## Internal Audit Report 2023/24



### Introduction:

I have been appointed as the Clyffe Pypard Parish Council's Internal Auditor for the 2023/24 year, I was also the auditor for 2022/23. I have examined the paperwork file, this includes the minutes, invoices and supporting paperwork for the year ending 31 March 2024. Where I have required further information or clarification this has been provided by the Chairperson.

Clyffe Pypard Parish Council is a small Parish Council holding just five formal meetings in this audit year and making just 9 payments.

The folder has no original bank statements (sent in the post by the bank) but dose contain print offs for the whole year. The accounts have been presented in a profit / loss style, there is no cash book.

The Council has spent the whole year without someone being identified/appointed as the Proper Officer (Parish Clerk) - The Council has a duty to make this appointment.

The Responsible Finance Officer role appears to have been covered ad hoc through the year by a few of the Councillors, this doesn't appear to have been a very satisfactory arrangement.

The Council received negative responses to tests G, I & L on the Internal Audit last year.

A complaint was made to the External Auditor (full details are on the Parish Council's website) and following an investigation costing £958.50 the External Auditor reported that the Council should have responded 'No' to two further statements on the Annual Governance Statement that had been responded to as 'Yes' - Assertion 3, as the transparency code has not been complied with and assertion 2 as it was yet to make the VAT claim during 2022/23. My view is that this this second is rather unfortunate as the Council has 4 years to make the claim and were (and still are) operating without an RFO at the time - The VAT claims for 2022/23 & 2023/24 have now been made.

Looking at the 2023/24 year, on the face of it, I cannot see that much has changed, the Council remains dysfunctional. It is split down the middle with well entrenched positions. The only discernible service to the public over the last year was the agreeance to buy a new SID, other than that the Parish may well be better off not having a Parish Council with all the expense that it brings.

AGAR:	Yes / No:	
A	NO	<b>Comments:</b>
		<p>No evidence in the folder that the Council is correctly accounting.</p> <ul style="list-style-type: none"> <li>• Minutes should record the current bank balance.</li> <li>• Wrong AGAR form used.</li> <li>• Wrong accounting on the AGAR form.</li> <li>• No end of year bank rec (that would highlight the above)</li> </ul> <p>Note: Two cheque books on the go.</p>

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B	NO	<p><b>Comments:</b></p> <p>On the upside, the reporting of payments to the Council has improved with it now being clear what payments were authorised at the meetings.</p> <p>However, VAT has been reclaimed on some expenses claimed by a Councillor (A. Norman - £44.87). It is not possible to reclaim VAT on expenditure incurred by a Councillors and the invoices are not in the Council's name.</p> <p>The minutes also report:  <i>"Cllr Hughes reported that he would not authorise bank payments agreed by the council in the absence of an instruction from an RFO, including the payment already agreed" (25th July 2023)</i></p> <p>This was at the same meeting that the Internal audit report was received stating:  <i>"Members should further note that when a payment has been approved by the council at a formal meeting then this is an instruction to the council's bank signatories to make the payment. If signatories don't want to operate under the instruction of the Council, they should not volunteer to hold the role."</i></p>
C	NO	<p><b>Comments:</b></p> <p>Risk assessment last adopted 26<sup>th</sup> May 2022 – I noted in my report last year that the Council should not forget to review and adopt again this year, it seems it was forgot.  This was a failed test in year 21/22 as well.</p> <p>Concern over the level of insurance cover for the assets:</p> <ul style="list-style-type: none"> <li>- Phone box, no insurance cover.</li> <li>- Each noticeboard could cost up to £1,000 to replace.</li> <li>- The stone trough will have a value.</li> <li>- Fingerpost would probably cost more than £329 to replace.</li> </ul>
D	YES	<p><b>Comments:</b></p> <p>The precept was agreed at the 7<sup>th</sup> December 2023 meeting. Paperwork that was part of the agenda indicates how the amount was calculated.</p>
E	YES	<p><b>Comments:</b></p> <p>Only income was the precept and a VAT refund.</p>
F	N/A	<p><b>Comments:</b></p> <p>The Council does not operate a petty cash system.</p>
G	N/A	<p><b>Comments:</b></p> <p>The Council currently has no employees.</p>

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H	NO	<p>Comments:</p> <p>Asset register adopted July 2022 and a copy was in the folder. According to the minutes, the register has been undergoing update this year, but no version has been adopted within the year.</p> <p><b>Reported last year:</b>  <i>Appears that some of the items are being rather unvalued for insurance purposes. What measures are in place to audit the council's assets?</i></p> <p><b>Recommendation:</b>  <i>The council should review the insurance vale of each item on the register, also add in details of the current locations.</i></p>
I	NO	<p>Comments:</p> <p><b>Reported last year:</b>  <i>"A budget spend to date report is being produced and this has been checked at some meetings against the bank statement, this is not the same as a bank reconciliation report but serves a purpose. This requires further improvement, a bank reconciliation needs to be produced by the RFO for each meeting, this is then checked against the bank statement and both documents signed and dated. This was a failed test on last year's Internal Audit report."</i></p> <p>The only bank reconciliation on file is up to 31<sup>st</sup> Dec 2023, and was signed in March 2024  This is the third year running that the Council has failed this test.</p>
J	NO	<p>Comments:</p> <ul style="list-style-type: none"> <li>- No Accounting statements throughout the year.</li> <li>- Wrong AGAR Accounting Statement used (in folder).</li> <li>- Incorrect accounting used; cheques issued in the year not accounted for.</li> </ul>
K	NO	<p>Comments:</p> <p>The External Auditor acknowledge in their report that the Council was not able to claim exemption.</p>
L	YES	<p>Comments:</p>
M	YES	<p>Comments:</p> <p>Rights period did not include the first 10 working days of July as the Council was awarded an extension to the submission deadline.</p>
N	YES	<p>Comments:</p>
O	N/A	<p>Comments:</p> <p>The Council do not act as a trustee.</p>

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### Further comments and recommendations:

#### Officer Appointments:

##### Reported last year:

###### *Proper Officer:*

*It is the responsibility of the Council, as a corporate body, to appoint a Proper Officer (Clerk). The minutes of the December 2022 meeting record the Council choosing not to make this appointment. This is a failure in governance. Simply, the Council must have someone identified as being the Proper Officer. The Council must also have an RFO (noted that this role is being untaken by a member of the council). Both appointments should have been made as soon as the Clerk resigned in October 2022.*

The Council has still failed to appoint someone to act as Proper Officer. The Council has a duty appoint to appoint Proper Officer. This could be a professional Locum Clerk, a local Clerk, a member of the Council (who cannot be paid) or just someone who is willing to learn on the job. The responsibility does not simply default to the Chairperson.

#### Last Year's Governance Fails:

- The Council replied 'No' to assertions 1 & 7 last year.
- The External Auditor has reported to the Council that this should have also included assertions 2 & 3 as well.

Meaning 4 of the 8 AGAR Governance tests failed last year and three fails on the Internal Audit report.

I have not seen any plan of improvement as a result of this. The External Auditor will be looking to the Council to acknowledge the weakness, adopt a plan of action and to be monitoring it progression against that plan.

#### Minutes:

I can see from the minutes in the folder that the minutes of the previous meetings are being adopted. But none of the minutes in the folder have been signed by the Chair or dated. I am informed by the Chair that she has signed and dated the minutes when they are adopted – so I cannot have been supplied with the originals, this calls into question if what I have been supplied with are the same as the originals.

#### Training:

It is possible that the whole Council would benefit from attending training, it is also possible that this would be of no benefit if the problems it is experiencing is one of poor personalities rather than skills.

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IAF Member

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21/05/2024