

Annual Internal Audit Report 2023/24

NYNEHEAD PARISH COUNCIL

www.nynehead.org

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. (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

11-04-2024

Name of person who carried out the internal audit

JILL LARCOMBE

Signature of person who carried out the internal audit

Jill Larcombe

Date 11-04-2024

*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).

Nynehead Parish Council Internal Audit Report Financial Year 2023-24

Internal audit carried out by:

Jill Larcombe
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Tiverton EX16
6ND

jilllarcombe@yahoo.co.uk

Date of audit: 11th April 2024

Smaller authorities are required by the Accounts and Audit Regulations 2015 to ‘undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’.

This report details the results of the Internal Audit for Nynehead Parish Council which has been carried out in accordance with the requirements as detailed within the Joint Panel on Accountability and Governance Practitioners Guide 2023.

Internal Control Objective	Tests carried out	Response
A. Appropriate accounting records have been properly kept throughout the year.	<p>Check that:</p> <p>A 1. The accounting system in use (whether manual, spreadsheet or a formal accounting system) is adequate.</p> <p>A 2. The council’s accounting records are accurate, up to date and well maintained.</p> <p>A 3. Council Minutes for the year are complete and up to date and have been initialled and signed.</p>	<p>Yes – Scribe is being used.</p> <p>Yes</p> <p>Minutes, complete and up to date. All minutes signed but one set not initialled.</p>
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<p>Check that:</p> <p>B 1. The Council has in place a set of Financial Regulations and Standing Orders and that these have been subject to regular review.</p>	<p>Yes. Reviewed 25th March 2024.</p> <p><i>3.3 “The council shall consider annual budget proposals in relation to the council’s three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves</i></p>

		<p>and sources of funding and update the forecast accordingly” has been struck through. It is good practise to have a medium term financial plan when reviewing reserves. I appreciate that recently this has been difficult with high levels of inflation and Somerset Council’s financial difficulties.</p> <p>Yes. Please note the thresholds for the Public Contracts Regulations 2015 Increased on 1st January 2024. New Model Financial Regulations are due to be published this summer.</p> <p>Checked by Clerk but not marked on invoice</p> <p>Yes, where possible</p> <p>Yes</p> <p>Only the Clerk is involved in the actual process of making online payments.</p>
	<p>B 2. Check that both Standing Orders and Financial Regulations specify the same tender thresholds.</p>	
	<p>B 3. That invoices have been ‘verified and certified’ on receipt</p>	
	<p>B 4. That orders for goods and services have been made in accordance with the requirements of the Council's Financial Regulations, (for example the requirement to obtain 3 quotes as set out in section 11 of the Model Financial Regulations).</p>	
	<p>B 5. The Council has approved the payments in accordance with the requirements of it's Financial Regulations</p>	
	<p>B 6. The Council has in place effective controls on the making of payments. This should include the</p>	

	<p>need for two signatures on cheques and the dual authorisation of online payments.</p>	<p>Councillors approve payments and 2 councillors sign in a book to approve the making of the detailed list of payments by the Clerk. While the legislation requiring 2 signatures on a cheque or 2 councillors authorising an online payment has been repealed there is some risk in this this method of payment. As an internal control I suggest one of the councillors checking the bank reconciliations logs into the account to check.</p>
<p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>C 1. The council has formally minuted a review of risk during the financial year.</p> <p>C 2. The council has in place a Risk Register, or Risk Policy, which sets out the risks that the council faces and how it intends to address these and that this has been subject to formal review. (It is not a requirement for the auditor to review this in detail).</p> <p>C 3. The Council has reviewed the scope and value of its insurance cover. In particular that the value of fidelity insurance is sufficient to cover the Councils cash and bank balances.</p> <p>C 4. Ensure that appropriate levels of insurance cover are in place for land,</p>	<p>Yes</p> <p>Policy agreed 25th March 2024</p> <p>The Clerk has updated and improved the risk register and this has been approved by the Council. Value of fidelity insurance is £250,000.</p> <p>Appropriate levels of cover are in place for liabilities. The insurance is</p>

	<p>public, employers' liability, fidelity / employees (including councillors) liability, business interruption and cyber security</p> <p>C 5. Ensure that appropriate arrangements are in place for the inspection of the play area.</p>	<p>approaching the end of a 3 year agreement and the scope and value should be reviewed an</p> <p>The Council is insuring the play equipment and should ensure appropriate arrangements are in place for inspection.</p>
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<p>D. The precept or rates requirement resulted from an adequate budgetary process: progress against the budget was regularly monitored; and reserves were appropriate.</p>	<p>Check that:</p> <p>D 1. The Council prepared and formally approved a budget for the year prior to the setting of the precept.</p> <p>D 2. That the Full Council has considered, approved and adopted the annual precept, for the year subject to internal audit, prior to the statutory deadline of 1st March.</p> <p>D 3. That budget reports are prepared and submitted to Full Council periodically during the year.</p> <p>D 4. That the Council has properly reviewed budgetary reports and that any significant variances have been subject to detailed query/review.</p> <p>D 5. That the Council has considered the establishment of specific Earmarked Reserves and that these are reviewed as part of the budget setting process.</p> <p>D 5. That the Council has reviewed the level of its General Reserve and</p>	<p>Yes.</p> <p>Yes. 2023-24 precept of £6,725 agreed 16/01/23 Minute ref: 23/006.</p> <p>Yes, quarterly</p> <p>Yes. No significant variances.</p> <p>Yes.</p> <p>Yes. A General Reserves Policy to be</p>
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	that the level of the General Reserve is adequate and not excessive.	approved by the Council.
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked and VAT was appropriately accounted for.	<p>Check that:</p> <p>E 1. The precept received during the year agrees to the precept raised by the Council.</p> <p>E 2. That any VAT due in respect of the preceding accounting year have been claimed and received during the year subject to internal audit.</p> <p>E 3. That a VAT claim has been prepared for the year subject to internal audit and that this agrees to supporting accounting records.</p>	<p>Yes</p> <p>VAT reclaimed mid year and the amount owing at the end of the year is less than £100.00</p> <p>Mid year VAT claim agrees to accounting records.</p>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		No petty cash. The Clerk submits a claim for expenses.
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.	<p>G 1. Ensure that the Council is properly registered with HMRC as an Employer.</p> <p>G 2. Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.</p> <p>G 3. Verify that gross pay due is correctly calculated in accordance with contract terms and conditions (for example at the correct national pay rate/spinal column point).</p>	<p>Yes</p> <p>Yes.</p> <p>Yes.</p>

	<p>G 4. Verify that the Council has in place formal, up to date, payroll software, or is using a suitable payroll provider.</p> <p>G 5. Ensure that the correct PAYE treatment has been applied to all remuneration paid (for example the payment of any lump allowances.)</p> <p>G 6. Check that the Council has not claimed the National Insurance Employers Allowance.</p> <p>G 7. Check that the council has submitted RTI returns to HMRC and made payments due as required.</p>	<p>Agreed to change to HMRC payroll but as this is difficult to use the Council is now continuing to use Moneysoft.</p> <p>Yes.</p> <p>Not claimed.</p> <p>Yes. From the start of the 2024-25 payroll year the payments to HMRC should be made by the Council using online payment.</p>
<p>H. Asset and investment registers were complete and accurate and properly maintained.</p>	<p>Check that:</p> <p>H 1. The Council is maintaining a formal asset register and this has been updated with any additions or disposals during the year.</p> <p>H 2. That the basis of valuation of assets is in accordance with the requirements of the Practitioner's Guide (normally at cost value).</p> <p>H 3. That all disposals of assets have been subject to formal and approval by Council.</p> <p>H 4. That additions and disposals on the asset register during the year agree to the difference between the asset value stated on the current and prior year Accounting Statements.</p>	<p>Yes</p> <p>Yes</p> <p>No disposals</p> <p>No additions or disposals but the Clerk has identified the previous arithmetical calculation was incorrect</p>

	<p>H 5. That the Council has in place a process for the regular physical verification of its assets.</p> <p>H 6. Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured.</p>	<p>Yes</p> <p>Assets appropriately insured.</p>
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<p>I Periodic bank account reconciliations were properly carried out during the year.</p>	<p>Check that:</p> <p>I 1. That bank reconciliations are prepared regularly, for all Council bank accounts.</p> <p>I 2. That bank reconciliations are subject to independent review by members and that they are signed and dated as evidence of this review.</p> <p>I 3. That the bank statements are periodically independently verified to the balances stated in bank reconciliations.</p> <p>I 4. The accuracy of the year-end bank reconciliation and agree it to supporting bank statements.</p>	<p>Yes. Quarterly bank reconciliations</p> <p>Yes. Checked by 2 councillors, one of whom is not a signatory.</p> <p>Yes.</p> <p>Yes.</p>

	I 5. Review and clarify the nature of any uncleared transactions.	No uncleared transactions.
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.	<p>J 1. Review the computations for the Accounting Statements prepared by the RFO to verify that they are accurate and agree to the Councils cashbook.</p> <p>Check that:</p> <p>J 2. Line 2 agrees to the value of precept raised and received</p> <p>J 3. The total of Lines 2 and 3 agree to the total value of receipts recorded in the cashbook.</p> <p>J 4. The value stated in Line 4 includes only "<i>gross salary of employees, employer's national insurance contributions, employers pension contributions, gratuities for employees or former employees and severance or termination payments to employees.</i>" as set out in the Practitioner's Guide.</p> <p>J 5. The total of Lines 4, 5 and 6 agree to the total value of payments in the cashbook.</p> <p>J 6. The value stated in Line 8 agrees to the year end bank reconciliation and supporting bank statements.</p> <p>J 7. The value stated in Line 9 agrees to the total value of the asset register.</p>	<p>Yes</p> <p>Yes – Scribe accounting statement</p> <p>Yes – Scribe accounting statement</p> <p>Yes – Scribe accounting statement</p> <p>Yes – Scribe accounting statement</p> <p>Yes – Scribe accounting statement</p> <p>Yes</p>

<p>K. If the authority declared itself exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt.</p>	<p>Check that: K 1. The Council meets the criteria as set out in Form 2 of the Annual Governance and Accountability Return. This currently requires that receipts and payments do not exceed £25,000.</p>	<p>The Council met the criteria. Receipts and payments both below £25,000.</p> <p>Yes</p>
	<p>K 2. The Council properly recorded its approval of the Certificate of Exemption in a properly convened meeting of the Council (as recorded in the Minutes of the meeting).</p> <p>K 3. The Exemption Certificate was prepared and approved in accordance with the statutory submission deadline of 30th June.</p> <p>K 4. That it has been published, together with all required information, on the Authority's website and noticeboard.</p>	<p>Yes</p> <p>Yes.</p>

<p>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.</p>	<p><i>The requirement here is for Councils with income or expenditure below £25,000 to publish information as set out in The Transparency Code for Smaller Authorities</i></p> <p>L 1. Check that the Council has published, for the prior financial year, all the information as required by the Transparency Code as set out in Annex A of the code.</p> <ul style="list-style-type: none"> • All items of expenditure above £100 • End of year accounts • Annual governance statement • Internal audit report • List of councillor or member responsibilities • Location of public land and building assets • Minutes, agendas and papers of formal meetings 	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>None</p> <p>Yes</p>
<p>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</p>	<p>Check that:</p> <p>M 1. The Council published, including on it's website, the Notice for the Period for the Exercise of Public Rights</p> <p>M 2. The 'Announcement Date' was the working day prior to the Commencement Date (they cannot be the same date)</p>	<p>Yes</p> <p>Announcement date earlier than commencement date</p>
<p>the website and/or authority approved minutes confirming the dates set).</p>	<p>M 3. The period set was for exactly 30 working days and included the first 10 working days in July</p> <p>M 4. The Internal Auditor should also review whether the Council confirmed in Minutes the dates set (this is not a statutory requirement but it is accepted as audit evidence that the Council complied with the publication requirements)</p>	<p>More than 30 days. Period did include the first 10 working days in July.</p> <p>Yes</p>

N. This authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 guidance notes)	Check that: N 1. That the Council published the Annual Governance Statement on it's website	Yes
	N 2. That the Council published the Accounting Statements on it's website	Yes

I have carried out the internal audit for 2023/24 in accordance with what I have considered to be this authority's needs and planned coverage. On the basis of the findings in the areas examined above the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority. There were no matters of noncompliance identified.

The AGAR Internal Audit Report has been signed.

This report informs the Council's response to Assertion 2 and Assertion 6 in the annual governance statement.

Signed: *Jill Larcambe*

Date: 11th April 2024

