

Etaerio Ltd

FINAL

Annual Internal Audit

for

Redbourn Parish Council

**for the financial year ended
31 March 2024**

Auditor: Philip Rhoden

Internal Audit Date: 17/6/24, 18/6/24, & offsite

Report Date: 20 June 2024

Financial Year: 2023/24

Etaerio Ltd

Schedule of Recommendations

Client: Redbourn Parish Council

Y/E: 31 March 2024

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

	Control	Recommendation(s) following INTERIM internal audit work <i>(Note: limited or no work may have been done in a particular area at interim. Recommendations are those resulting from the work done so far.)</i>	Recommendation(s) at FINAL
1	Proper bookkeeping	None.	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls	<p>Two purchase invoices (references: 3504 & 3650) were not addressed to the council. I recommend that the supplier be contacted to reissue the invoices made out to the council. (I understand that revised invoices have now been received).</p> <p>The council has started to accumulate penalty points from HMRC in relation to late submission of VAT returns. I recommend that efforts are made to submit returns on time - generally penalty points are removed after submitting 4 consecutive quarterly returns on time.</p>	<p>In terms of the lists of payments presented to council meetings, I recommend that the 'List of Payments' (cash book payment listing report which should cover all payments) vs. the 'Purchase Ledger Payments' report, be the report used.</p> <p>NALC released a new version of its ' Model Financial Regulations for Local Councils' in April 2024. I recommend that the council considers the new model when its financial regulations are next reviewed, including the section relating to online payments.</p>
3	Risk management arrangements	<p>Section 6 of the JPAG Practitioners' Guide includes an example financial risk management template. Although in a different format, I recommend that this be used as reference to identify any additional points to include at the next annual review of the council's Risk Assessment.</p> <p>At the financial-year six-month point cash balances were in excess of the fidelity guarantee insured amount. I recommend that the council reviews this, and if the council accepts the risk in relation to amounts in excess of the insured amount, that this is reflected in the council's Risk Assessment.</p> <p>I understand that the council considered cyber security insurance, but did not go ahead with it. I recommend that when the council's Risk Assessment is next reviewed, the opportunity is taken to make any updates or additions in relation to how the council manages and controls specifically cyber risks in the absence of cyber security insurance.</p>	<p>I recommend that going forward, the receipt of the external audit report is noted in formal minutes.</p> <p>I recommend that the council formalises and draws together its annual review of the effectiveness of its system of internal control in written form and explicitly includes consideration of the review in minutes.</p> <p>I recommend that it is good practice that at least annually, the council undertakes a review of the effectiveness of the council's overall internal audit arrangements.</p>
4	Budgetary controls	None.	I recommend that it is good practice to routinely minuted that commentary on any significant variances against budget has been given (or that there were none) when actual expenditure against budget reports are considered at meetings.
5	Income controls	None.	None.
6	Petty cash procedures	None.	None.
7	Payroll controls	None.	The LGPS employer pension contribution rate changed from 22.15% to 21.15% for 2023/24. However, for the April 2023 payroll, internal audit testing indicates that the old rate was used, and this overpayment does not appear to have been recovered. I recommend that enquiry be made of the LGPS.

	Control	Recommendation(s) following INTERIM internal audit work (Note: limited or no work may have been done in a particular area at interim. Recommendations are those resulting from the work done so far.)	Recommendation(s) at FINAL
8	Assets controls	None.	<p>I recommend that it is good practice for the method of asset valuation adopted (policy) for the valuation of assets included in the AGAR to be formally recorded in the council's minutes and in the asset register.</p> <p>As the war memorial is not covered under the council's insurance policy, I recommend that the council's self-insurance be included on the council's risk assessment.</p> <p>Guidance in the 2024 Practitioners' Guide has been updated in relation to asset registers compared to the 2023 version. I recommend that when the asset register is next reviewed that the updated guidance be considered, including 5.58.</p>
9	Bank reconciliation	<p>I understand that whilst the council has an Investment Policy, but does not currently have an Investment Strategy document. I recommend that the Practitioners' Guide is followed: "Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements is invested appropriately, in accordance with an approved strategy which needs to have regard to DLUHC's statutory Guidance on local government investments. If total investments are to exceed the threshold specified in DLUHC's statutory guidance at any time during a financial year, the authority needs to produce and approve an annual Investment Strategy in accordance with the DLUHC guidance."</p>	<p>I recommend that bank reconciliation reports for signing at meetings be consistently printed double-sided, so that if the reconciliation is longer the signatures appear on the same piece of paper.</p> <p>I recommend that together with the main bank reconciliation already presented generally for each month, the "Bank - Cash & Investment Reconciliation" report (generated to include a list of reconciling items), which covers all cash & short-term investment accounts, is presented with the original statements, and is then approved and signed off, at least for the half year (and for the year end). This also serves as an additional check that the RBS system is up-to-date and matches the balances shown on the statements.</p> <p>I understand that the year-end Unity Trust Instant Access account 31Mar24 statement (which is in paper format and sent by post) was not available for the year-end close-down. I recommend that for future years, if possible, for closedown purposes the 31st March balance is obtained by telephone for example.</p>
10	Year-end procedures	None.	None.
11	Exempt Authority	Not applicable.	Not applicable.
12	Website information	<p>Noting that a link to the ICO homepage is included, I recommend that it is good practice to include a link to the ICO's Model Publication Scheme document itself on the relevant page of the council's website.</p>	<p>Parish and town councils with annual turnover in excess of £200,000 should as best practice comply with the Local Government Transparency Code 2015. Noting that the council is now publishing some of the information specified for one of the items, I recommend that the council takes note of this best practice.</p>
13	Public Rights	<p>I recommend that it is good practice to minute the relevant dates in relation to the exercise of public rights at the same time as approving the AGAR.</p> <p>The date of the public rights notice posted on the website in 2023 was not updated from the 2022 notice. I understand however that the notice should have been dated 18Jun23, the day before the commencement of the public rights period. I recommend that the date be double-checked for future notices.</p>	None.
14	AGAR Publication Requirements	None.	None.
15	Basic IT controls	None.	None.
16	Responsibility as a sole managing trustee.	Not applicable.	Not applicable.

Annual Internal Audit Report 2023/24

REDBOURN PARISH COUNCIL

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS
redbourn-pc.gov.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.	✓		
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. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>			✓
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 <i>(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).</i>	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR <i>(see AGAR Page 1 Guidance Notes).</i>	✓		
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

Name of person who carried out the internal audit

21/03/2024 17/06/2024 18/06/2024

ENTER NAME OF INTERNAL AUDITOR
ETAERIO LTD

Signature of person who carried out the internal audit



PHILIP RHODEN, DIRECTOR

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).