

St Endellion Parish Council

Internal Audit Report

Year Ended 31st March 2024

Prepared by: Aalgaard Renshaw Business Solutions Ltd

Date of Interim Visit: n/a

Date of Final Inspection: 23rd May 2024

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Internal Audit Regulation

*All town and parish Councils are required, by the provisions set out in **The Audit Commission Act 1998** and **Accounts and Audit Regulations** (issued from time to time under the Act) to arrange for an independent internal audit examination, to be undertaken in respect of the authority's accounting records and system of internal control. The conclusions of the said examinations are, thereafter, reported at Section 3 of the authority's Annual Return for the relevant year.*

Internal auditing is defined as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its' objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Aalgaard Renshaw Business Solutions Ltd was appointed as the Internal Auditor by St Endellion Parish Council, for the Municipal Year 2023/24.

The Internal Audit Review was undertaken after the year end. This audit included compliance and substantive testing to ensure that the control objectives are being met.

The Audit does not guarantee that the accounting records are free from fraud or error.

This report details the scope of the assessment undertaken in relation to St Endellion Parish Council for the 2023/24 financial year. This assessment was undertaken on 23rd May 2024.

Methodology

When undertaking the Internal Audit for the financial year 2023/24 regard has been given to the materiality of the authority's transactions and the potential for mis-recording or misinterpreting the same in year- end Statement of Accounts/ Annual Return.

Aalgaard Renshaw Business Solutions Ltd operates an investigatory programme, designed to provide the requisite level of assurance that the audited authority has appropriate and robust financial processes in situ, which ensure that transactions are enacted with both efficacy and integrity and which provide a reasonable probability that any material errors, or possible abuses of organisational, or national, regulatory frameworks are easily identifiable.

The Internal Audit programme applied by Aalgaard Renshaw Business Solutions Ltd also facilitates the completion of the Internal Audit Report, which forms part of the authority's Annual Return document.

Observations and Conclusion

Having undertaken a comprehensive Internal Audit of St Endellion Parish Council's accounting records and systems of internal control, we have concluded that, based on our inspection, the Parish Council has maintained an effective and accurate system of internal control arrangements for the accounting period 2023/24.

The Parish Council's 'Internal Audit Report,' of the Annual Return, has been duly completed and signed. We are of the firm opinion that the control objectives set out in that report have been achieved within the financial year to a high standard and thereby easily meets the needs of the Council.

Acknowledgement

Aalgaard Renshaw Business Solutions Ltd would like to take this opportunity to thank the Members of St Endellion Parish Council for their instruction to undertake its 2023/24 Internal Audit.

Thank you to their Clerk Mrs Dannielle Harrison for her co-operation.

Carolyn Y. May LLB (Hons), M.A., B. Sc

Jacqui Peskett

Aalgaard Renshaw Business Solutions Ltd

Overview of Council and Corporate Governance Statement

Terms of Engagement		Ref	Notes
1.	Review Terms of Engagement; confirm that engagement is appropriate to this financial year.	n/a	Engagement by telephone February 2024
2.	Confirm the professional independence and competence questionnaire has been completed and agreed with the client	n/a	Confirmed: by telephone February 2024
3.	Agree Internal Audit fee with client	n/a	Agreed a cost of £ 310.00 plus VAT
4.	Agree attendance date	n/a	Agreed by telephone; work undertaken at the Parish Council Office 23 rd May 2024.

Planning Notes		Ref	Notes
5.	Number of Electors	n/a	Circa:
6.	Precept sum	Minutes	£28,500
7.	Other Income (Total)	Accounting Records	CIL £,5,456.54 Wayleave £11.91 Other Grants £7,721.00 Highways £1,546.38 WC takings £12,453.52 Car Park £295,135.71 Shop Rent & Elec £11,547.37 Cemetery £2,120.00 Catering Concession £4, 481.14 Misc £6,982.94 Total £285,956.51
8.	Key Personnel	n/a	Danielle Harrison Clerk/RFO Clare Jon Contracts & Maintenance Supervisor.
9.	Type of Manual Accounting in Place	n/a	Outsourced Accounting package.
10.	Any significant changes to staff/ procedures since previous Internal Audit?	n/a	Locum Clerk April – June 2023 (Beth Kendall). Current Clerk/RFO joined in June 2023.
11.	Are there any matters arising from the last Internal Audit and/ or Management Letter?	n/a	The 2022/23 Internal Audit highlighted the fact that the Parish Council had failed to meet its obligations under the Accounts and Audit Regulations 2025, in relation to the advertising of public rights to inspect the accounts, as the exercise of public rights did not include the first ten days of July.
12.	Have there been any matters arising from discussions with Council, including whether there is any evidence of fraud/ material misstatement?	n/a	None identified.
13.	Key high risk/ expected problem areas.	n/a	None identified.

Observations	Satisfactory, no issues identified.
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Corporate Governance Statement

Area	Response (please provide detail below or on supplementary pages)
<p>Please confirm whether Standing Orders and Financial Regulations are in place.</p> <p>If so, when were they last updated and formally adopted by the Council?</p> <p>(Please provide an electronic copy of both).</p>	<p>Both Standing Orders and Financial Regulations are in place.</p> <p>These were reviewed and re adopted at the meeting held on 12th February 2024.</p> <p>Financial Regulations are due to be adopted early in the new financial year. The draft was checked by the Internal Auditor.</p>
<p>Where original minutes are not provided for our examination, please confirm that each page of the master copy is signed or initialed by the Chairman at the subsequent meeting when they are approved.</p>	<p>Original Minutes were provided and viewed. All documents had been signed. However, it is noted that the documents had been signed by the Parish Clerk. The Council was not therefore compliant with the governing regulations.</p> <p>Each page should be signed by the Chairman, once the Minutes have been approved by the Council Body.</p>
<p>Does the Council meet the criteria for adoption of the General Power of Competence and, if so, has it been adopted. Please confirm minute reference and date.</p> <p>If reliance is still placed on S.137, etc., when considering the approval of grants and donations to local (and other) bodies, are the relevant powers considered and formally minuted?</p>	<p>No, the Clerk is not currently CiLCA qualified.</p>
<p>Please confirm that all internal and external audit reports are presented to and agreed by members, also with agreement on the actions to be taken to address any issues identified. Again, please provide detail of the relevant meeting and minute reference.</p>	<p>The AGAR Internal Audit document was presented to the full Parish Council Body at its meeting on the 12th of June 2023. Minute Reference 23/106 refers. . However, the Internal Audit document, provided in addition to the AGAR by the Internal Auditor, does not appear to have been specifically presented to the council.</p> <p>External Audit documents are published on the Parish Council website. However, there is no reference found which highlights that the External Audit was specifically presented to, and accepted by, the Council Body.</p> <p>That is, there is no formal recording of consideration and acceptance of the audit documents.</p>
<p>Has the Council reviewed an updated version of the financial risk assessment and formally approved its re-adoption (Governance and Accountability Manual – 2014 refers)</p>	<p>Compliant.</p>
<p>When approving payments for release, do those members signing cheques examine and sign / initial individual invoices. Please provide a brief</p>	<p>Accountants produce an aged payable list, which is sent out by the Clerk to the Chairman, in the first instance, then to all other Members.</p>

description of the approval process from receipt of invoice through to release of funds, on a separate sheet.	Payments are agreed at the relevant meeting and properly authorised the following day by the Chair and Vice Chair.
Are all individual payments by direct debit, bankers' standing order or internet, if in use, similarly examined and approved for payment by members? Please provide detail of the controls in place over such payments, where different to those for cheque payments.	Yes.
Does the Council / a nominated member review the detail of bank reconciliations routinely throughout the year and verify detail to underlying cashbooks and bank statements (Governance and Accountability manual refers)	The Parish Council employs a certified Accountant to undertake this task.
Please provide a brief description of the approach taken to the preparation and approval of the Annual Budget and Precept.	The Clerk provides a draft budget proposal to all Members of the Parish Council. The document is considered publicly, and a decision in relation to the budget and precept for the following financial year is made. (Minute reference 23/207 relates).
Does the Council formally consider and approve the level of reserves (General and Earmarked Funds) to be carried forward to the next financial year? (Such consideration should be minuted formally).	Yes. Reserves were agreed at the full Parish Council meeting of the 15 th of January 2024. Minute 24/11 c. refers.
Has a physical examination / verification of the Councils stock of assets been undertaken recently? If so, when and by whom?	Compliant
Are asset values based on purchase cost net of VAT (where known)? Where detail of the purchase cost is unknown, asset values should be reported on the Annual Return at the same value as the previous year, except where new assets are acquired or disposed of.	Compliant.
Does the Council function as Sole or Custodial trustees of any charitable funds? If so, are the transactions excluded from the Annual Return financial detail at Section 2?	No

Observations	<ul style="list-style-type: none"> • <i>The approved Minutes of the Parish Council must be signed on each page by the Chairman.</i> • <i>It is noted that there is no record of the proposer, seconder and resolution appertaining to the decisions made by the Parish Council at meetings. Resolutions should be recorded showing the names of the proposer, seconder, and a brief description of the motion being voted upon.</i> <p><i>For example: It was proposed by Cllr. Jones, seconded by Cllr Smith and RESOLVED that the monthly payment schedule would be approved. Three in favour, two against. Carried.</i></p>
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	<ul style="list-style-type: none">• <i>The Parish Council will adopt the revised (2024) NALC Financial Regulations during the 2024/25 Financial Year.</i>• <i>The Clerk should consider presenting the Annual Internal Audit Report (independent of the AGAR report), and the External Audit report to the full Parish Council Body. Acceptance (or otherwise) of each document should also be Minuted.</i>• <i>Whilst out with the remit of the Internal Auditor, it was noted that the Clerk/ RFO has been contracted to work for 20 hours per week. It is respectfully suggested that the duties which are being undertaken by the Clerk/ RFO cannot, feasibly, be carried out in the allotted time frame. It is, therefore, respectfully, suggested that the Council Body considers an upward variation in relation to the Clerk/RFO's working hours. It is respectfully suggested that an additional 10 hours per week might be appropriate. It is apparent from the quality of the record keeping, by the Clerk/ RFO, that the Parish Council's activities are being managed to a very high standard.</i>
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Professional Independence and Competence Questionnaire

The internal audit function must be sufficiently independent from the management of financial controls and procedures of the council which are the subject of review. The person or persons conducting internal audit must be competent to conduct the role in a way that meets the business needs of the council. The two key principles, which councils must follow in setting up their internal audit function are **independence and competence**.

Independence	
Do you have any specific reliance on the fee to be earned from this assignment	No
Overdue fees	
Does the client/group of clients owe the firm any money which exceeds our normal credit terms?	No
Litigation	
Is there any actual or anticipated litigation between us and the client in relation to fees, audit work or other work?	No
Associated firms	
Are you or your staff associated with any other practice or organisation which has had any dealings with the client council?	No
Family or other personal relationships	
Do you or any of your staff have personal or family connections with the council or its officers?	No
Mutual business interest	
Do you or any of your staff have any mutual business interests with the client or with an officer or employee of the client?	No
Financial involvement	
Do you or your staff, or anyone closely related to you or any of your staff, have any financial involvement in the client in respect of the following:	
Any beneficial interest in shares or other investments?	No
Any loans or guarantees?	No
Goods and services: hospitality	
Have you or any of your staff accepted materials, goods or services on favourable terms or received undue hospitality from the council?	No
Ex-partners or senior staff	
Has any senior officer of the council been a partner or senior employee of the practice?	No
Is the partner or any senior employee on the audit team in negotiations to join the client?	No
Long association	
Have you been acting for more than 10 years? If yes, then consider rotation/engagement quality review.	No
Provision of other services	
Do we provide any of the following services to the client: -	
Accounting services, book-keeping, or payroll services	No
Staff secondments	No
IT services where we participate in the design, provision, or implementation of systems	No
Specialist valuations which are included in the accounts	No
Tax compliance work or tax planning	No

Section 1 – Maintenance of Accounting Records & Bank Reconciliations

Internal Control Objectives

	Control Objective	Comments
A	Has the RFO been appointed with specific duties? (S.151 LGA 1972)	Yes, a standard NALC contract has been issued.
B	Appropriate records of account have been properly kept throughout the year	The maintenance of accounting transactions has been outsourced to and Accountancy Firm.
C	Closing Cashbook Balance	£241,812.88
D	Formal, year-end, Bank Reconciliations were conducted.	Conducted by the appointed Accountant.

Observations	<i>Satisfactory – no issues identified</i>
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2. Review of Corporate Governance

	Control Objective	Comments
E	There are appropriate governance arrangements in place to help ensure compliance with extant legislation and that no decisions are taken that may result in unlawful, or unbudgeted costs.	<p>The conduct of the Clerk is compliant with the regulatory requirements relating to expenditure.</p> <p>However, it is a matter of concern that there has been a proposal to permit the Contracts and Maintenance Supervisor to expend the sum of up to £500 on any single matter, without the prior knowledge of, or consultation with, the Clerk/ RFO.</p> <p>The RFO has a legal responsibility for managing the Parish Council's accounts. The RFO is, therefore, liable for any misuse of funds/ unauthorised expenditure from public monies. It is, therefore, imperative that the RFO is involved in all decisions relating to Parish Council expenditure. It is respectfully suggested that the proposed arrangement amounts to an undermining of the RFO function.</p>
F	The Council's Financial Regulations have been met, payments were supported by invoices, expenditure was approved, and VAT was appropriately accounted for.	Yes.
G	Procurement	Quotations are obtained by the Parish Clerk. These are then presented to the full Parish Council body for consideration. Councillors determine which quotation will be accepted and a Purchase Order is then issued by the Clerk. The procurement process threshold is currently set at £3,000.

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H	Clarity of Records	A Spreadsheet, produced by the appointed Accountant, was viewed. This was deemed to provide the relevant information in a clear and concise manner.
I	Precept Setting 2024 -2025	November 2023.

Observations	<p><i>With reference to the comments at paragraph E (ibid).</i></p> <p><i>The granting of permission for some person, other than the RFO, to expend Parish Council (public) monies, is a matter of concern.</i></p> <p><i>It is recommended that the power to spend sums of up to £500 should be granted to the RFO, who may then authorise the purchase.</i></p>
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3. Review of Expenditure

	Control Objective	Comment
J	Payments	Whilst it is noted that payment schedules are 'agreed' by the full Parish Council Body, no evidence could be found to support the view that the terms and conditions set out in the Parish Council's Statement of Internal Control were being specifically Implemented. Where such action is undertaken, this should be recorded in the Minutes. No schedules of payments/ accounts are shown on the Parish Council website.
K	VAT	VAT Returns are submitted by the appointed Accountant.
L	S.137 Expenditure (LGA 1972)	N/A
M	Petty cash payments were properly supported by receipts, expenditure was approved, and VAT appropriately accounted for	N/A
N	Clerk's Expenditure	Compliant.

Observations	<p><i>It is recommended that actions undertaken in accordance with the Statement of Internal Control are reported to the full Council Body, and Minuted.</i></p> <p><i>Schedules of payments/ quarterly financial reports should be published on the Parish Council website, to ensure compliance with the principles of openness and transparency.</i></p>
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4. Review of Income

	Control Objective	Comment
P	The annual precept requirement resulted from an adequate budgetary process; progress	Yes.

	against the budget was regularly monitored; and reserves were appropriate	
Q	Expected income was fully received, based on correct prices, properly recorded, and promptly banked, with VAT appropriately accounted for.	Yes.
R	Are there any significant, unexplained, variances from the budget?	None identified.

Observations	<i>Satisfactory – no issues identified</i>
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5. Review of Capital Budgeting

	Control Objective	Comment
S	Sale of fixed assets	No.
T	Use of income from sales (de minimis £10,000)	N/A
U	Capital Expenditure	WC development £27,742.00 to end of March.
V	Long-term capital budget/ rolling capital schemes	No.
W	Capital budget review (annually)	Compliant

Observations	<i>Satisfactory – no issues identified</i>
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6. Review of Employment Arrangements

	Control Objective	Comment
X	Each employee has been issued with a contract of employment, with clear terms and conditions	Yes
Y	Salaries paid agreed with those approved by the Council	Yes.
Z	Are all employees in a registered pension scheme/ have all employees been offered the opportunity to enrol in a work pension scheme	Clerk/RFO with Nest.
AA	Are other payments made to employees reasonable and approved by the Council	Hiscox through Gallagher. Rolling contract for 3 years. Policy number 8188138.
AB	Have PAYE / NIC been properly operated by the Council as an employer	The accountant undertakes this task.
AC	Does the Council have current, appropriate Employer Liability Insurance?	Yes, the cover is set at £10 million.

Observations	<i>Satisfactory – no issues identified</i>
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7. Risk Management Arrangements.

	Control Objective	Comment
AD	Does a review of the minutes identify any unusual financial activity?	No
AE	Do the minutes record the Council conducting an annual risk assessment?	There is a policy in place which was reviewed and re adopted at the Parish

		Council meeting held on 12 th February 2024.
AF	Is insurance cover current, appropriate and adequate?	Yes.
AG	Is the Fidelity Guarantee appropriate and has it been reviewed?	Yes.
AH	Are internal control systems documented and regularly reviewed?	Yes, this was re adopted at the Parish Council meeting held on 12 th February 2024.
	Has the Council conducted a review of the effectiveness of internal auditing during the year?	Not evidenced.
AJ	Has appropriate action been taken regarding matters raised in reports from Internal Audit?	Yes
AK	Have adequate measures and steps been put in place in respect of GDPR.	GDPR Policy on website and reviewed and re adopted at the Parish Council meeting held on 12 th February 2024.

Observations	<i>Effectiveness and Risk Management reviews should be reported to the Parish Council Body, and Minuted.</i>
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8. Asset Register

	Control Objective	Comment
AL	Does the Council maintain a register of all material assets owned, or in its care?	Yes, this is shown on the website.
AM	Are the assets and investments register up to date?	Yes, this was updated.
AN	Have dates of acquisitions been noted?	Yes.
AO	Is a life estimate recorded?	For Insurance purposes.
AP	Has the location of the item been recorded?	Yes.
AQ	Have costs of acquisitions and enhancement been recorded?	Yes.
AR	Have dates of upgrade and disposal been noted?	Yes.
AS	Do asset insurance valuations agree with those in the asset register?	Yes.

Observations	<i>Satisfactory, no issues identified.</i>
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9. Investments and Loans

	Control Objective	Comment
AT	Have all excess balances been appropriately and prudently invested in appropriate accounts for safeguarding? (LGA 2003 and guidance issued by the Secretary of State).	Current Account Savings Account

AU	Does the Council have, documented, and approved, appropriate recovery actions for unpaid debts/ writing off, of irrecoverable debts process/ debt monitoring arrangements in place?	Not evidenced. However, at present, it is likely that the appointed accountants would undertake such a task.
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Observations	<i>Satisfactory, no issues identified.</i>
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10. Audit Notices and Annual Return

	Control Objective	Comment
AV	Were these advertised to the public?	Website – complete, in accordance with statutory requirements.

Observations	<i>Satisfactory, no issues identified.</i>
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11. Transparency

	Control Objective	Comment
AW	Publication Method of Agendas/ Minutes	Website-complete
AX	Publication of Annual Governance Statement	Website- complete
AY	Public Meeting date	3 rd April 2023.
AZ	List of Council Members and their responsibilities	Parish Council Website
ABA	Councillors Code of Conduct/ Complaints	Website - complete
ABB	Financial Regulations/ Standing Orders	Website - complete

Observations	<i>Satisfactory, no issues identified.</i>
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12. Recommendations

Recommendations	<p><i>Generally, the Parish Council is both well run, and efficient. The new Clerk is to be commended for her successful management of the Parish Council function.</i></p> <p><i>There are, however, several recommendations in this report, which will assist the Clerk in ensuring that the regulations which govern the management, and operation, of the Parish Council function, are met.</i></p> <p>Corporate Governance Observations</p> <ul style="list-style-type: none"> • <i>The approved Minutes of the Parish Council must be signed on each page by the Chairman.</i> • <i>It is noted that there is no record of the proposer, seconder and resolution appertaining to the decisions made by the Parish Council at meetings. Resolutions should be recorded showing the names of the proposer, seconder, and a brief description of the motion being voted upon.</i> <p><i>For example: It was proposed by Cllr. Jones, seconded by Cllr Smith and RESOLVED that the monthly payment schedule would be approved. Three in favour, two against. Carried.</i></p>
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- ***The Clerk should consider presenting the Annual Internal Audit Report (independent of the AGAR report), and the External Audit report to the full Parish Council Body. Acceptance (or otherwise) of each document should also be Minuted.***

Review of Expenditure Observations

- ***It is recommended that actions undertaken in accordance with the Statement of Internal Control are reported to the full Council Body, and Minuted.***
- ***Schedules of payments/ quarterly financial reports should be published on the Parish Council website, to ensure compliance with the principles of openness and transparency.***
- ***Permission to expend an agreed sum of Parish Council monies, without the requirement to seek the permission of the full Council Body, should be delegated to the RFO, and not other third parties. It is imperative that the regulations adopted by the Parish Council do not seek to undermine the position of the RFO.***

Risk Management Arrangement Observations

- ***Effectiveness and Risk Management reviews should be reported to the Parish Council Body, and Minuted.***