Internal Audit Report

For

Meriden Parish Council

Year Ended 31 March 2023

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Table of Contents

Table of Contents 2
Basis of the Report 3
Introduction 4
Section 1 – Finance & Insurance 4
Section 2 – Risk Management 4
Section 3 – Due Process 4
Standing Orders, Policies and Procedures 4
Councillors code of Conduct 5
Terms of Reference 5
Agendas 5
Minutes 5
Recommendation re Agendas and Minutes on the Parish Council Website. 5
Footer on Documents 5
Section 4 – Payroll & Employees 6
Section 5 – Charities 6
Section 6 – Burial Authorities 6
Section 7 - Parish Website 6

Basis of the Report

This internal audit report is based upon the Joint Panel on Accountability and Governance Practitioners' Guide Section 4 Best Practice Guide for Internal Audit issued in March 2023

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls. Where any such controls are found to be deficient, the internal audit will help lead to improvements in these processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations, and applying the approach to internal audit and testing outlined in paragraph 1 above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity, and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

NB: It would be incorrect to view the internal audit as the detailed inspection of all records and transactions of the Council to detect fraud. It is the periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be the day-to-day function of the staff and councillors and not left for internal audit.

Introduction

The audit was undertaken during April and May 2023.

Where it was not practical to review documents, invoices, receipts, or registers, I will be pleased to review these if deemed necessary or advisable by either the Council, the Clerk / Responsible Financial Officer, ("RFO") or if specifically requested by a member of the public. However, based upon all of reviews in my opinion this review, if requested, is unlikely uncover any major issues.

For detailed information regarding each section of the audit please refer to Appendix 1.

Section 1 – Finance & Insurance

Meriden Parish Council uses the AdvantEDGE Finance software package provided by Edge IT Systems Limited, Enterprise House, Courtaulds Way, Coventry, CV6 5NX. This software provides a comprehensive account ting package with extensive reporting and controls specifically designed to support Parish Councils.

The functionality and reporting are very well understood by the Clerk and Responsible Financial Officer ("RFO"), and she uses the system to its best advantage.

All receipts and payments were properly accounted for and are reflected in the accounting system and the bank accounts in an accurate and timely manner.

1. A transaction level report has been produced by budget category and this has been reviewed and no anomalies were found
2. A random sample of the transactions were cross referenced to the minutes and no concerns were raised
3. It was not practical to physically review invoices or receipts
4. The VAT returns have been submitted in an accurate timely manner
5. Section 137 expenditure was properly approved and recorded. The total expenditure under this category was within the legal limits.
6. It is noted that Meriden Parish Council uses the accrual accounting methodology, and it is recommended that consideration is given to using receipts and payments as this is the more usual convention for Parish and Town Councils. This change, if implemented, will ensure that in the AGAR submission boxes 7 and 8 agree.

It is good practice to include in the Annual General Meeting a review of the bank mandate and that all direct debits and standing orders are still required.

Section 2 – Risk Management

It is noted that Meriden Parish Council has an Emergency Plan and a Risk Assessment which are reviewed on an annual basis. The insurance policy which is reviewed annually is considered to be comprehensive and is recorded as reviewed and accepted.

It is noted that the previous year's Internal Audit Report was considered by councillors and implemented where deemed appropriate.

Section 3 – Due Process

Standing Orders, Policies and Procedures

A review of the standing orders was undertaken, and it is pleasing to note that there are a wide range of standing orders, policies, and procedures and all have been reviewed and adopted within reasonable timeframes.

The National Association of Local Councils, ("NALC") regularly update policies and advice which in turn leads to the need for changes to adopted documents. It is recommended that on the front page of each document

an update schedule is included. This will enable anyone reading the document to easily identify when it was last updated, but more importantly will enable readers to be sure that the document has been updated in line with the latest advice.

Councillors code of Conduct

It is pleasing to note that the version of the Code of Conduct recommended by NALC and the Local Government Association has been adopted without change.

Terms of Reference

It is noted that the Terms of Reference for the Finance Committee contains the following:

Participation may be by electronic means, provided each participant can hear and be heard throughout. Until otherwise determined by Meriden Parish Council, a quorum shall consist of 3 Parish Councillors.

It is recommended that the legality of this is reviewed as it is my understanding that Councillors must be physically present if they are to be a part of any decision-making process. If a Councillor wishes to attend a meeting of the Finance Committee remotely then they can do so as a member of the public but not as a Councillor and will not therefore be able to make any such meeting quorate by attending remotely.

Agendas

A review noted that all agendas were properly issued signed and dated. The Parish Council is to be commended for inviting the public and press to attend via zoom and the joining procedure is clearly included in the published agenda.

Minutes

A review of the minutes noted that all minutes for both the main Council and the Finance Committee meetings were properly issued and accepted in the appropriate meeting.

Recommendation re Agendas and Minutes on the Parish Council Website.

There is a requirement for all payments to be itemised within the agendas and minutes and for these items to be formally agreed and the schedule signed to confirm agreement. I am sure that this requirement is met in the paper versions that are formally issued and / or signed but I would recommend that where a minute or agenda refers to payment schedules, budgets, any additional finance reports or other formally presented they are attached to the minutes in the file that is uploaded to the website. It is acknowledged that the majority if not all of the reports are available on the website, but I would ask the Council to consider this change in the way that information is presented on the website.

Footer on Documents

It is noted that the name, personal address, contact details relating to the Clerk etc are contained within the footer on all documents produced by the Parish Council. I would recommend personal information is not included in any document. There is a large overhead in terms of workload needed if a new Clerk is appointed and it is also bad practice to publish the personal data of an employee.

When updating the policies etc if the Parish Council feels the need to include information relating to the Parish Council itself then I would suggest that this is done by providing a link to the appropriate

page on their website. This also has the considerable advantage that if this information needs to be updated then it is done once and is then reflected in all documents.

Section 4 – Payroll & Employees

It is pleasing to note that the responsibility for the payroll is outsourced. The PAYE and NIC payments due to HMRC were promptly paid and properly recorded in the accounts.

Section 5 – Charities

Not applicable

Section 6 – Burial Authorities

Not applicable

Section 7 - Parish Website

Meriden Parish Council has website which not only covers the needs of the Parish Council but also includes information on the location and the various clubs and societies within the village The Council is to be commended for both the content and 'look and feel' of the website.

The accessibility requirements covered the need for the website to be easy to navigate by all levels of understanding and capabilities and the website does in my opinion meet these requirements. However, it is recommended that consideration is given to adopting the recommendation in. respect of minutes and agendas uploaded to the website.

It is noted that for all files that are uploaded that relate to Parish Council business are in pdf format which is good practice. This considerably reduces the risk of files in other formats being downloaded and amended. In addition, files in formats other than pdf are much more difficult to view in browsers and this could lead to issues under the accessibility requirements.

Conclusion

Thank you for inviting me to undertake the Internal Audit for Meriden Parish Council.

It is noted that the Clerk and Responsible Financial Officer for the period under review has retired and a new Clerk and Responsible Financial Officer has been appointed.

Whilst reviewing the processes, documentation, and finances it is very apparent that the affairs of the Parish Council were in very safe hands. The Clerk and Responsible Financial Officer had a very high standard of internal control and documentation and fully understood the governance and financial requirements associated with Parish Councils. She is to be commended for the way in which she supported the needs of the Parish Council not only for the period under review but for the entire time that she was in post,

Where I have made recommendations above it is for the Council to consider whether they are appropriate and should be implemented.

As in previous years the section relating to petty cash in the AGAR Return Part 3 item F has been duly marked as not covered. This does not imply anything untoward regarding the Parish Council accounts, rather this is a response required by the external auditor and in the case of Meriden Parish Council it means that there is no petty cash. A letter covering this item has been provided in accordance with the external audit requirements.

This concludes the audit.

Trevor B Gill