

LAKE PARISH COUNCIL

INTERNAL AUDIT REPORT 2022 - 23

1. INTRODUCTION

All Local Councils in England are required to complete an annual return summarising their financial records at the end of the financial year. A section on the Annual Return needs to be completed by an Internal Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

2. SCOPE OF AUDIT

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

- Matching of financial statements to invoices and receipts
- Examination of budget preparation & precept setting
- Inspection of bank statements
- Matching of payment records to invoices
- Examination of Risk Assessment.
- Compliance with Transparency Code.

3. FINDINGS

- 1) There is no payroll provision as the Clerk works on a voluntary basis and back-office support is through an agreement with Sandown Town Council.
- 2) The accounting record's, bank statements and bank reconciliation were examined and agreed. All payments will be presented to the Council for approval under a new arrangement. A robust system is in place for authorising payments, however, the Clerk does not currently have access to the online banking and once this is obtained a new system will be implemented. Although checks on invoices are in place there is no evidence on the invoices by way of a certification stamp or signatures.
- 3) The bank reconciliations are presented and signed off regularly at meetings.
- 4) Standing Orders and Financial Regulations have not been reviewed in the last financial year but are scheduled for review and adoption in May 2023.
- 5) VAT had been accounted for correctly and refunds from HMRC are being claimed.
- 6) Insurance policies are in place but do not currently reflect the asset register. New quotes are currently being obtained.
- 7) The budget and precept proposals were discussed at a full council meeting on 16 February 2023 and it was resolved to increase the precept to £166,262 for 23/24. Full details of the process is outlined in the minutes.
- 8) The Financial Risk Assessment Policy is in place for 2023 and is scheduled to be reviewed annually.

- 9) The 2022-23 financial year saw turnover under £200,00, so although it is not necessary to keep the accounts on an income and expenditure basis this is done for ease of operation.
- 10) The Transparency Code requires the publication of certain information on a website. All items have been displayed correctly and clearly.
- 11) The exercise of public rights for 2021/22 was not displayed on the website or dates agreed at the time of agreeing the AGAR and this has been highlighted by the External Auditor.

RECOMMENDATIONS

The current administration facility only began in January 2023 and they have been working to update policies and procedures. It is evident that more robust practices have been put in place already and there are more changes to be made for the 2023/24 financial year.

On this basis I feel that an intermediate mid-year review would be beneficial to ensure that the updated procedures have been put in place.

In particular:

- Standing Orders and Financial Regulations must be reviewed each year.
- The asset register should be regularly updated, and the insurance policies should be reviewed yearly to reflect high value assets.
- A certification stamp for invoices would be beneficial as evidence of the necessary checks being in place for authorisation.
- Dates for the Exercise of Public Rights must be detailed in the minutes following the authorisation of the AGAR.

Having regard to the above, I believe I have adequate assurance to complete and sign the relevant section of the Annual Return.



Maxine Warr
5th May 2023