FINAL

Internal audit report 2022/23

Visit 2 of 3

HAYDON WICK PARISH COUNCIL

Date: 20th March 2023

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Introduction

This report contains a note of the audit recommendations made to Haydon Wick Parish Council following the carrying out of internal audit testing remotely on 1st March 2023.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as supplemented by the requirements of later IA sections of the AGAR.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

As this audit report is an interim one, no audit opinion is offered at this stage.

The report issued after the final visit for 2022/23 (which will be in May or June 2023) will contain the audit opinion.

The following areas were reviewed during this audit visit:

1. Risk Management
2. Budgetary Control
3. Income
4. Payroll
5. Bank reconciliation

Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.

Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	1
Medium	1
Low	3
Info	0
TOTAL	5

I would like to thank Jodie Smart, Finance Officer & Deputy RFO for her assistance during this audit.

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (L/M/H)	Management Response	Responsible Officer	Due Date
3.2 – Minute amendments	I reviewed the minutes for the financial year to date to confirm that there was no unusual financial activity. I found no such activity, but did note that: 1. Minute PH063 of the Planning & Highways Committee meeting noted the approval of the meeting of Tuesday 26/09/22, but the Tuesday fell on 27/09/22; 2. Minute PH083 of the P&H meeting of 06/12/22 noted the approval of the meeting of Tuesday 18/11/22 but the Tuesday fell on 15/11/22; and 3. The minutes of the 01/11/22 meeting of the Community Development Committee go out of sequence, with minute CD116B followed by CD117, CD188, then CD189. I recommend that the dates of the P&H committee minutes are amended, and that the minute numbering in the Community Development Committee is corrected, or that the error is minuted (so that it is clear that there are no missing minutes for numbers CD118 to CD187).	L	Review of the Minutes listed to be taken to completed and amended where necessary. Minute References for C&D Committee to be noted at next Committee meeting.	Deputy Clerk	4.04.23
3.3 – Check fidelity cover limit	I checked to see that the Council had appropriate and adequate insurance cover. I found that fidelity cover was £1m, but that a guide figure for the amount required (the total of prior year cash as at 31/03/22 plus the first half of the precept) was £1.165m. I have noted that some insurance providers have started to set a limit on the amount of cover available for this insured risk.	L	To be investigated with insurer and any increase in premium considered at April Full Council	Deputy RFO	18.04.23

	I recommend that the Council checks the level of fidelity cover to ensure that it is sufficient.				
3.4 – Comparison of insured and fixed asset register values	I noted that whilst insurance cover was in place for the Parish Council Office, the asset was not noted on the fixed asset register. Cover was in place for office contents, street furniture, and play equipment, but the cover in place was lower than the value noted in the fixed asset register (in the case of the play equipment, cover was £421k against a register value of £752k). The Finance Officer & Deputy RFO noted that the asset register has been corrected to include the Parish Council Office, at the rebuild cost of £370k provided in a valuation dated 29/03/22. The 2021/22 AGAR will be restated. The Practitioner's Guide notes that, ideally, assets are stated at their original cost but that this can be varied as long as the valuation is consistent year on year, and that any changes in valuation will require a restatement of the prior year figure. The Finance Officer & Deputy RFO also noted that the insurer is provided with the fixed asset register to assist them with compiling the quote, and that the discrepancy between the figures will be picked up with them. I recommend that the 21/22 fixed asset figure is restated on the AGAR, and the discrepancy between stated and insured value is investigated as planned.	H	Upon investigation the Insurer confirms that they used indexing rather than the updated Asset Register for the renewal. They have offered a quotation for increasing the insured risks which will be taken to April Full Council. Re. Office building inclusion on Asset Register. This has been amended and noted for restating on the 21/22 section of the AGAR.	Deputy RFO	16.05.23
5.1 – Manage the collection of older debt	I checked to see that all income due to the Council was collected. I noted that the aged debt report year on year showed an increase in overall debt from £636 to £2,571 (as at 1st March 2022 and 2023 respectively), and that the value of debt over 60 days	M	£77 written off by the Chief Officer for noting at Full Council 21.03.23 as per financial regs.	Deputy RFO	31.03.23

	increased from £636 to £2,001. £1323 of the debt was paid in February 2023. Of the remaining balance, the Deputy RFO confirmed that one debtor (who owes £40) is invoiced in advance and is generally a good payer; but that 2 debtors (who owe £700 in total for Christmas tree sponsorship) have not yet paid in spite of being chased several times, and that a further debtor (who owes £77 for a one-off room hire) has not paid in spite of being chased several times and may need to be written off as uncollectable. I recommend that the Council continues to seek to recover older debt where possible, and that the collectability is assessed and any write-offs required made at the year-end in order to ensure that all income due to the Council is collected (where possible) but that the Council's income and debtors are not overstated.		2 outstanding debts have been requested again.		
5.2 – Council consideration of Community Bus fares	I checked to see that prices agreed with the amounts set by Council for a sample of income streams. I noted that prices agreed where they were charged for hall hire and allotments, that the total cash taken each day for the community bus fare appeared consistent with prices (individual ticket sales were not recorded on the summary provided, but the totals checked were multiples of £1 or £0.50), but that the community bus pricing as recommended to Council by the Community Development Community at its July 2022 had not yet been considered by Council. The Finance Officer/Deputy RFO noted that this will go to the April 2023 meeting of Council for retrospective approval. I recommend that the Community Bus prices are considered by Council in April as planned, in order to ensure that all prices charged for Council services have been agreed by Council.	L	Scheduled for April Full Council agenda	Deputy RFO	25.04.23