

# Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Osgathorpe Parish Council		
Name of Internal Auditor:	Hannah Shaw	Date of report:	24/04/24
Year ending:	31 March 2024	Date audit carried out:	24/04/24

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.*

*The proper practices referred to in Accounts and Audit Regulations are set out in JPAG Practitioners Guide. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed.*

***The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.***

## To the Chairman of the Council:

### Overview and Observations

In accordance with the terms of my engagement, I undertook a review of Osgathorpe Parish Council's accounts, records, policies and procedures for the financial year ending 31st March 2024, following which I completed and signed the Annual Internal Audit Report, of the Annual Governance and Accountability Return 2023/24 Form 2.

Through a virtual meeting with the Clerk and Parish Council Chairman and by inspection of information publicly accessible via the Council's website and by documentation sent to me by email, I was able to review aspects of the Council's systems including payroll, bank reconciliations, risk management, Council owned assets, budgetary control and the Exercise of Public Rights.

Osgathorpe Parish Council has 5 seats (3 quorum) and employs one member of staff, Mel Mitchell, who is the Clerk, Responsible Financial Officer and Registrar to the Council working 4 hours per week. Mel has been employed in the role since 2023. There are no committees and all matters are dealt with at full Parish Council meetings. Following a recommendation made last year, Councillor Declarations of Interests are published to the Council's website.

The Council now banks with Unity Trust Bank following a transfer from HSBC. Payments are made by online bank transfer and the Clerk/RFO and all Councillors have access to the online banking with differing permissions to ensure business continuity and which operates a two Councillor authorisation facility. Councillors authorise and where applicable, ratify payments at Parish Council

meetings and an up-to-date bank reconciliation is presented along with bank balances, all of which are published through Council meeting minutes. Following the Council's migration to online banking facilities, I would advise reviewing the Council's Statement of Internal Control which was last reviewed in June 2020 and is published to the Council's website (see Financial Controls) and also consider whether a Scheme of Delegation should be adopted.

The Council uses their own manual system for recording income and expenditure on a Receipts and Payments basis and VAT reclaims are carried out on an annual basis depending on the level. Payroll is managed internally by the Clerk/RFO using HMRC Basic Tools and re-enrolment duties with the Pensions Regulator were completed in November 2023.

As Osgathorpe Parish Council does not hold the General Power of Competence, section 137 payments are recorded as such within the accounts and are within the limits for the 2023/2024 financial year. However, I would recommend S137 payments are also noted within the minutes upon approval at a Parish Council meeting. All other Legal Powers of Expenditure are recorded against each transaction within the accounts, as well as minute references.

The Council owns and maintains various areas of land, including the Cemetery, playing area and two areas of land; Orchard Close and the Land Chapel Corner and some items of street furniture. Following last year's recommendation, Osgathorpe Parish Council have now reviewed their Asset Register to include the John Deere Mower. The current value of the Council's total fixed assets is now £26,398. It is important that inspection checks of the playing field and of Parish Council owned land and street furniture are kept on record and suggest minuting the dates of inspections and any matters arising.

With regards to the Cemetery, I am informed that burial records are kept, maintained and are up-to-date. Currently, plaque checks are not carried out prior to interment and completion of the Green Form and although this is not a legal/mandatory requirement, the Institute of Cemetery and Crematorium Management, consider this to be best practice.

The Council has public and employer's liability insurance arranged through Zurich on a 3-year agreement until June 2024 and an additional policy for the John Deere mower. All insurance certificates are published to the Council's website and I believe the level of cover is sufficient for the Council's needs.

With regards to the Exercise of Public Rights, dates were not approved at a meeting of the Council, however, a Notice of Public Rights was published to the Council's website. Section 14 (1) of the Audit and Account Regulations 2015, requires the period of public rights to be a single period of 30 working days. The Council provided a period of 32 working days and this is considered a significant breach of the regulations. However, I accept this was by simple error due to the Council not having a Clerk/RFO in role for three months at the end of the last financial year and I have no concerns that this will arise again. The newly appointed Clerk/RFO is CiLCA qualified and has a great wealth of knowledge which will help to ensure matters are dealt with in accordance with the proper practices.

Agendas and minutes of Parish Council meetings are available to view on the Council's website. Minutes are published within the required 28-day period and are marked as draft until being confirmed and signed by the Chairman at the following meeting. Agendas now include the appropriate summons and are signed and dated by the Clerk, allowing the required 3 clear days' notice. Please note, minutes should be initialled on every page, as well as signed upon approval.

The Council has various policies available to view on their website including Equality and Diversity, Complaints and Data Protection which were all reviewed in April 2024. I would recommend consideration be given to adopting a Health and Safety policy. I would also advise publishing the Council's current Risk Assessment to the website.

As of 31/03/24, Osgathorpe Parish Council carried forward reserves of £9178 which is approximately 10.5 months running costs based on the Council's 2023/2024 expenditure and is within the normal range of 3 -12 months running costs. However, the Council have recognised the need to build up a healthy level of earmarked reserves to cover any possible future expenditure for maintenance of the play area and I have seen evidence that a budget has been prepared for the forthcoming financial year, to include an increase in precept, in order to build general reserves to a target of 12 months running costs and in addition, have approximately £10,000 in earmarked reserves allocated to the play area and this is to be achieved gradually over time. A Reserves Policy has been prepared and will be considered for adoption at the May 2024 Annual Parish Council meeting.

During a transaction spot check, I was presented with supporting invoices of expenditure and bank statements for all transactions selected and the accounts appear to be kept in good order.

In accordance with the proper practices outlined in the JPAG Practitioners' Guide 2024, paragraphs 5.210 – 5.219, Osgathorpe Parish Council, have given consideration to migrating over to a .gov.uk domain for their website, including all Council email accounts and I believe this is now in progress.

Upon review of the internal audit carried out for the 2022/2023 financial year, recommendations were made and I am satisfied that all recommendations have been actioned. Well done!

## Summary

The report and findings are based on the information that was made available during the course of the audit. I am satisfied there are good internal control measures in place to protect the Parish Council from financial risk.

To the best of my knowledge, all accounts and bank balances appear to be in order and accurate based on the information to hand, however, this internal audit does not involve the detailed inspection of all records and transactions of the Parish Council in order to detect error or fraud. With many thanks to, Mel Mitchell, Clerk and RFO, for preparing the necessary documentation for the purpose of this internal audit.

### Have comments from the internal audit 2022-2023 been addressed?

Recommendation 2022-2023	Comment
Agendas - Suggest adding a publication date to agendas	Yes – actioned.
Asset Register - Recommend the Asset Register is updated to include the Council's new mower.	Yes – actioned.
Councillor Declaration of Interests – publish to website	Yes – actioned.
Exercise of Public Rights - Suggest providing for the Exercise of Public Rights, publishing a Notice of Public Rights and minuting the dates upon approval at a Parish Council Meeting.	In Part – a Notice of Public Rights was published, however, dates were not approved at a Parish Council meeting.
Insurance Certificates - Consider publishing insurance certificates to the Council's website.	Yes – actioned.
Invoices/Receipts - Councillors/RFO to ensure invoices/receipts are presented for payment and Council to ensure all documentation is provided when approving payments to ensure a good level of audit trail. Invoices/Receipts should be signed/initialled upon approval.	Yes – all appears in order.

Legal Power of Expenditure and payment minute references - It is good practice to record the Legal Power of Expenditure including S137 payments, the minute reference of the approved expenditure and the minute reference of the approved payment in the cash book.	Yes – actioned.
Pensions Regulator - Advise checking the Council is registered with the Pensions Regulator and if re-enrolment duties are up-to-date.	Yes – actioned. Re-enrolment in Nov 2023.
Reserves Policy - Consider adopting a Reserves Policy.	Yes – a Reserves Policy has been prepared for consideration at the May 2024 Annual Parish Council meeting.

**Areas in the 2023-2024 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked**

	Reason
A	
B	
C	
D	
E	
F	
G	
H	
I	
J	
K	
L	
M	Council incorrectly provided a period of 32 days for the Exercise of Public Rights.
N	
O	

**Recommendations for action 2024-2025**

Areas for consideration or improvement	Recommendation
Cemetery – plaque checks	Recommend Clerk/Registrar attends Churchyard and Cemetery Management Course.
Health and Safety Policy - adopt	Consider adopting a Health and Safety Policy.
Inspections - record	Recommend formally minuting dates of park and street furniture inspections.
Minutes - initial	Recommend all pages of the minutes are initialled upon approval.
Risk Assessment – publish	Suggest publishing the Council’s Risk Assessment to the website.
Scheme of Delegation – consider	Consider adopting a suitable Scheme of Delegation to provide delegated powers to the Clerk in between bi-monthly meetings.
Section 137 Payments - minute	Consider marking S137 payments within Council minutes.

Statement of Internal Control – review	Suggest review of the Council’s Statement of Financial Control following migration to online banking.
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Yours sincerely,

Mrs. Hannah Shaw  
Internal Auditor to the Council  
01530 249945

The figures submitted in the Annual Governance and Accountability Return are:

	<b>Year ending 31 March 2023</b>	<b>Year ending 31 March 2024</b>
1. Balances brought forward	14,132	9,068
2. Annual precept	4,657	5,472
3. Total other receipts	1,000	5,048
4. Staff costs	1,632	3,296
5. Loan interest/capital repayments	0	0
6. Total other payments	9,089	7,114
7. Balances carried forward	9,068	9,178
8. Total cash and investments	9,068	9,178
9. Total fixed assets and long-term assets	24,639	26,398
10. Total borrowings	0	0

