



Internal Audit Report

This narrative internal audit report is to be read in conjunction with the Annual Internal Auditor's Report for the Annual Governance and Accountability Return.

Council:	Gosberton Parish Council
Internal Auditor:	John Kilcoyne
Year Ending:	31 st March 2024
Date of Report	30 th April 2024

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 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 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 Gosberton Parish Council

This report was compiled in January and April 2024 and includes inspection of

- the parish council website
- documents and other information requested from the Clerk to Council

relating to council business between April 2023 and March 2024. One remote meeting was held with the Clerk to Council.

I have examined council business including policies, agendas and minutes, accounting and financial statements and other documents relevant to this audit.

Several areas are identified where action may be recommended. These do not affect completion of the AGAR for 2023-2024 and are offered as suggestions for improvement. Some of these matters have been discussed with the clerk and may already have been addressed by the time council receives this report. The clerk and council are to be commended for the actions taken following earlier reports.

Recommendations from 2021-2022 and 2022-2023 were revisited in the interim report of January 2024.

This report and the interim report from January 2024 should be discussed in full council with an appropriate programme of remedial action identified.

It is noted that the minutes of March 2024 record that the interim report was brought to the attention of council. Further inspection of the council website and documents was made in April 2024, with an additional meeting with the clerk on 25th April. Recommendations from the interim report plus further comments relating to this audit are below to form this final report.

Further comments and recommendations arising from inspection, January 2024

Staffing committee

1. The minutes of July 2023 meeting showed that the committee considered contracts for the cemetery, play area and war memorials. Does this fit within the Terms of reference for this committee?
2. The minutes of the October 2023 meeting showed that the Committee will meet formally in April 'post appraisals and to coincide with the potential appointment of a new chair'. A new chair of council will not be chosen until May and such appointment cannot be predetermined at this point.

Finance

1. It is noted that earmarked reserves have now been reviewed in the minutes of meetings held in August and October 2023. However, the breakdown and amount of what each reserve heading includes should be included within the minute each time.
2. Council should avoid use of the term 'retrospective payments' in clerk's reports and minutes. All payments should have explicit authorisation from council in advance. These can include regular payments to contractors, mobile phone contracts and other items which can be pre-authorised as part of the clerk's scheme of delegation. This is covered under Financial Regulations 5.6 and can be recorded in the clerk's report and agenda as 'Payments made between meetings using delegated authority'.
3. Payment of salaries is covered within Financial Regulations 5.6 as above. Authorisation by the chair of council or other councillor away from a meeting should be avoided as unlawful in line with the Hillingdon Ruling (1985). See Legal Topic Note 1 para 9.
4. Concern is raised around the payment to Majestic Crystal of April 2023. It was identified that the payment was made on the request of the chairman to purchase commemorative items for two members of council who would not be standing for re-election. This request could be considered unlawful on several counts.
 - a. As above, the chairman has no power to make a request for payment outside a council meeting. LTN1 para 9.
 - b. Expenditure should not be commissioned without explicit authorisation from council in advance.
 - c. Council has no power to provide items for individual councillors.

- d. S137, the power of last resort, may not be used in this situation as this power must benefit some or all of the community. An item purchased for an individual does not achieve this.

Further comments and recommendations arising from inspection, April 2024

Recommendations have been made to the clerk regarding the recording of minutes for

1. Setting of the budget **must** come before the setting of the precept request in the full council meeting. Budget and precept figures must both be recorded in the minutes.
2. When reviewing the budget in a meeting, record *No concerns* if that is council's view.
3. Record the times when members of the council or the clerk leave and return to the meeting
4. Council should accept and approve apologies, not just accept.
5. Avoid the use of N/A for apologies and interests. The minutes would be better to record *Nil* or *None received*.
6. Names of individuals should be avoided in the report on correspondence received.
7. When council needs to suspend a standing order or financial regulation, be specific in recording which ones rather than a blanket suspension of the whole document.
8. Closed session
 - a. Identify the reason why council must ask members of the public to leave for closed session. Just saying the matter is confidential is not sufficient.
 - b. Check the order of items for the agenda. If items are not confidential, the agenda must make clear that members of the public may return to the room. Otherwise, make the closed session the final item(s) of the meeting.

An explanation is required for any line within the Annual Internal Auditor's report for which Yes cannot be ticked.

Internal control objective		Yes	No	Not covered	Explanation
A	Appropriate accounting records have been properly kept throughout the financial year.	✓ <input type="checkbox"/>			
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓ <input type="checkbox"/>			
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓ <input type="checkbox"/>			
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓ <input type="checkbox"/>			
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓ <input type="checkbox"/>			
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ <input type="checkbox"/>	No petty cash held
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓ <input type="checkbox"/>			
H	Asset and investments registers were complete and accurate and properly maintained.	✓ <input type="checkbox"/>			
I	Periodic bank account reconciliations were properly carried out during the year.	✓ <input type="checkbox"/>			
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓ <input type="checkbox"/>			
K	If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>			✓ <input type="checkbox"/>	Correctly identified as not exempt.
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	✓ <input type="checkbox"/>			
M	In the year covered by this AGAR, the authority correctly provided for a period, for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2023-2024 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set)</i> .	✓ <input type="checkbox"/>			
N	The authority has complied with the publication regulations for 2022/23 AGAR <i>(see AGAR Page 1 Guidance Notes)</i>	✓ <input type="checkbox"/>			
		Yes	No	Not applicable	Explanation
O	<i>(For local councils only)</i> Trust funds (including charitable) – The council met its responsibilities as a trustee			✓ <input type="checkbox"/>	No charitable trust

Accounting Statements 2023-2024

	Year ending 31 March 2023 (£)	Year ending 31 March 2024 (£)
1. Balances brought forward	145,954	98,176
2. Annual precept	25,000	28,000
3. Total other receipts	43,596	30,533
4. Staff costs	8,366	9,988
5. Loan interest/capital repayments	0	0
6. Total other payments	108,308	47,926
7. Balances carried forward	98,176	98,795
8. Total cash and investments	98,176	98,795
9. Total fixed assets and long-term assets	378,490	357,419
10. Total borrowings	0	0

Suggested agenda item for dealing with the AGAR in full council

To consider and approve documents relating to the 2023-2024 AGAR

- 1. To complete and sign the Certificate of Exemption [exempt authorities only]*
- 2. To receive the Annual Internal Auditor's Report 2023/2024*
- 3. To consider recommendations or matters arising from the internal auditor's narrative report*
- 4. To complete and sign the Annual Governance Statement 2023-2024*
- 5. To receive and sign the Accounting Statements 2023-2024*
- 6. To receive and consider the bank reconciliation 2023-2024*
- 7. To receive and consider the explanation of variances*
- 8. To receive and consider the breakdown of reserves held*
- 9. To agree the dates for the period of public rights*

The clerk and council are to be commended for their diligence in taking account of earlier recommendations and for their achievement in meeting all the criteria required for the AIAR.

Yours faithfully,

John Kilcoyne Internal Auditor for Lincolnshire Association of Local Councils

31st January 2024

30th April 2024