Annual Internal Audit Report 2022/23

Wicklewood Parish Council

https://wicklewoodpc.norfolkparishes.gov.uk

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")*			✓
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.	✓		
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 *(during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR *(see AGAR Page 1 Guidance Notes).*	✓		

	Yes	No	Not applicable
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 18/04/2023 24/04/2023 25/04/2023

Name of person who carried out the internal audit: Lorraine Trueman

Signature of person who carried out the internal audit: [redacted]

Date: 25/04/2023

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2022/23

We acknowledge as the members of:

Wicklewood Parish Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2023, that:

	Agreed			'Yes' means that this authority:
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓			*prepared its accounting statements in accordance with the Accounts and Audit Regulations.*
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓			*made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.*
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓			*has only done what it has the legal power to do and has complied with Proper Practices in doing so.*
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓			*during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.*
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓			*considered and documented the financial and other risks it faces and dealt with them properly.*
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓			*arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.*
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓			*responded to matters brought to its attention by internal and external audit.*
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓			*disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.*
	Yes	No	N/A	
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.			✓	*has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.*

***Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

05/06/2023

and recorded as minute reference:

38.3

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman [redacted]

Clerk [redacted]

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Section 2 – Accounting Statements 2022/23 for

Wicklewood Parish Council

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	*Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.*
1. Balances brought forward	28,185	41,319	*Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.*
2. (+) Precept or Rates and Levies	11,000	11,000	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	33,920	28,726	*Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.*
4. (-) Staff costs	6,019	7,994	*Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.*
5. (-) Loan interest/capital repayments	5,557	5,557	*Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).*
6. (-) All other payments	20,210	23,066	*Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).*
7. (=) Balances carried forward	41,319	44,428	*Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).*
8. Total value of cash and short term investments	41,319	44,428	*The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – **To agree with bank reconciliation.***
9. Total fixed assets plus long term investments and assets	380,210	384,258	*The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.*
10. Total borrowings	21,161	15,781	*The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).*

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)				*The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.*
11b. Disclosure note re Trust funds (including charitable)				*The figures in the accounting statements above do not include any Trust transactions.*

I certify that for the year ended 31 March 2023 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

[redacted]

Date 19/5/2023

I confirm that these Accounting Statements were approved by this authority on this date:

05/06/2023

as recorded in minute reference:

36.3

Signed by Chairman of the meeting where the Accounting Statements were approved

[redacted]

Section 3 – External Auditor's Report and Certificate 2022/23

In respect of **Wicklewood Parish Council**

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/ .

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2023; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor's limited assurance opinion 2022/23

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2022/23

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2023.

*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date

Wicklewood Parish Council

Internal Audit Report

Financial Year 2022-23

Prepared by Lorraine Trueman, 25 April 2023

I have completed an internal audit of the accounts for xxx Council for the year ending 31 March 2023. My findings are detailed below using the tests provided in the Governance and Accountability (England) 2022.

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes. I have carried out a sample of financial transactions in the cashbook and reviewed corresponding bank statements.
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes and reported at each meeting
	If bank balances are in excess of £100,000 is there an appropriate investment strategy?	n/a
Standing Orders, Financial Regulations and payment controls	Has the Council formally adopted Standing Orders and Financial Regulations?	Yes, these are on their website
	Date Standing Orders last reviewed. Is this based on the latest version of Standing Orders?	2020 based on NALC model SO's
	Date Financial Regulations last reviewed. Is this based on the latest version of Financial Regulations?	2019, due for review
	Has a Responsible Financial Officer been appointed with specific duties?	This is the clerk
	Have items or services above the de minimus amount been competitively purchased?	Yes
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes
	Is there effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments?	Financial regulations do not mention BACS payments. The clerk has confirmed that 2 authorisers are needed to release a payment but one of these could be the clerk/RFO.

Internal control	Test	Observations
	Has VAT on payments been identified, recorded and reclaimed?	Yes, reclaims tend to be carried out annually
	If debit/credit cards are in use, what are the total monthly and individual transaction limits? Are there appropriate controls over physical security and usage of the cards?	N/a
	Is s137 expenditure separately recorded and within statutory limits?	n/a
	Have s137 payments been approved and included in the minutes as such?	n/a
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the Council carrying out an annual risk assessment or review of their risk management scheme?	Financial RA last carried out in Mar 22. RA's for physical areas of responsibility last reviewed 2021. No general RA.
	Are appropriate arrangements in place, for example, for monitoring play areas, open spaces and sports pitches?	Yes, RA, regular and annual inspections recorded in minutes
	Is insurance cover appropriate and adequate for land, buildings, public, employers' and hirers' liability, fidelity/employee/councillors' liability, business interruption and cyber security?	Public, hirers and employer's liability and fidelity guarantee in place. Newer assets covered at council cost price rather than replacement cost. Older assets may be underinsured and some items not on asset register
	Are internal financial controls documented and regularly reviewed?	No internal control officer appointed but all councilors' review financials at every meeting
Budgetary controls	Has the Council prepared an annual budget in support of its precept and has this been minuted at a Full Council meeting as being approved?	Yes, no increase in percept and recorded in Nov minutes
	Has the precept been calculated from the budget and been approved?	Yes, detailed budget agreed in Nov

Internal control	Test	Observations
	Does the budget include an actual completed year?	Yes, actual 2021/22
	Is actual expenditure against budget regularly reported to the Council?	Yes and recorded in minutes
	Are there any significant unexplained variances from budget?	No
	Has the Council considered the establishment of specific earmarked reserves and reviewed them?	Yes
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	n/a
	Is petty cash expenditure reported to each Council meeting?	n/a
	Is petty cash reimbursement carried out regularly?	n/a
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes, 2 staff clerk and booking clerk
	Do salaries paid agree with those approved by the Council?	Increases were approved in Oct and Nov meetings
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the Council?	Yes
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes
Asset controls	Does the Council maintain a register of all material assets owned or in its care?	This is on the website
	Is the assets register up to date? When was this last reviewed? Are additions and disposals in-year clear?	Last reviewed May 22 but not recorded in minutes. Additions listed separately to asset list
	Do asset insurance valuations agree with those in the asset register?	No

Internal control	Test	Observations
	Does the asset value to be reported in the AGAR (section 2, Box 9) equate to the prior year reported value, adjusted for the nominal value of any new acquisitions and/or disposals?	Yes
	Are all long-term investments (i.e. over 12 months) covered by an investment strategy?	n/a
	If a loan has been taken out, are repayments reported to the Council?	Yes
	If the Council issued a loan to a local body, are there signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt?	n/a
Bank reconciliation	Is there a bank reconciliation for each account and is this regularly reported to Council?	Yes, reported at every meeting
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Yes
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cashbook?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	n/a
	Have points raised on the last Internal Audit report been considered by Council and actioned?	None reported
	Has the Council demonstrated that during the previous financial year it correctly provided for the exercise of public rights, as required by the Accounts and Audit	Yes

Internal control	Test	Observations
	Regulations? [Full publication requirements are detailed on page 1 of the AGAR.]	
Exemption from external audit: Only for smaller councils with receipts and payments each totalling less than £25,000	If the Council certified itself as exempt in the prior year, did it meet the exemption criteria and declare itself exempt? *[Confirm that the certificate was prepared and minuted by the Council within the statutory submission deadline. Confirm that the required information was published on the Council's website.]*	n/a
Adherence to the Transparency Code: Only for smaller councils with receipts and payments each totalling less than £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Some information is on the website
Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	There is a list but the minutes do not record this being shared
	Have fees for the allotments been reviewed and agreed by Council?	As part of the budget process
	Is there an effective waiting list and all plots monitored	Yes
	Are invoices raised timely and receipts checked?	Yes
Hall/room hire	Has a list of hirers with amounts paid to Council been submitted?	There are monthly records but the minutes do not record these being shared

Internal control	Test	Observations
	Have fees for the hire been reviewed and agreed by Council?	Yes, there has been a small increase.
	Is there an effective diary system for bookings in place identifying the hirer, hire times, and ideally cross-referenced to invoices raised?	Yes this is managed by the booking clerk and clerk, demonstrating a segregation of duties
	Is there an audit trail from invoicing to receipt of income/chasing of debtors?	Yes
Councils with charities only	Have Charities reported and accounted separately?	n/a
	Have the Charity accounts been independently audited?	n/a
Website accessibility (relates to the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018	It is a legal requirement for councils to publish a website accessibility statement on its website. Has the Council published this statement?	Yes
	Has the Council updated and reviewed its statement [must be reviewed annually]?	Last carried out in July 2020
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council carried out an information audit?	This has not been recorded in the minutes
	Has the Council put in place a privacy notice and policy?	The website links to the privacy notice Norfolk Parish Admin

Summary of my recommendations

I would like to thank the clerk for her support in this process. The documents, in general, are well maintained and organised and the clerk was able to answer all queries.

Assets – consider reviewing insured value of assets. Some are at purchase cost to the council and do not take in to account any grant received, therefore, some items may be underinsured.
A list of assets, with description, purchase date and values would be useful. Many councils keep this in a spreadsheet.

Bank mandate – consider removing the ability for the clerk/RFO to authorise payments at the bank. The benefits of removing the clerk from the mandate increase the segregation of duties and may be possible if there are enough councillors who can take on this role.

Financial regulations are due for review.

There is no general risk policy in place, however, financial risk is covered by a specific policy. Consider implementing a general risk policy that will include non-financial matters.

Loans – there is no reconciliation that shows the loan balance on the AGAR. This is made up of 2 loans and it would be beneficial if there was a reconciliation that supported the figure stated.

Not an audit item but consider a introducing a Planning Policy, giving the clerk delegated powers to respond to planning applications, under the Local Government Act 1972.