

Annual Internal Audit Report 2022/23

CLAWSON, HOSE & HARBY PARISH COUNCIL

chhparishcouncil.co.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, property 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.			✓ No CASH
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).		✓	
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

10/04/2023 14/04/2023

Name of person who carried out the internal audit

MARTIN COOKE

LRALC Internal Audit Service

Signature of person who carried out the internal audit

Martin Cooke

Date

21/04/2023

*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).

- Accounting & Budget
- Blue Book
- website



- Cemetery

Leicestershire and Rutland ALC

IAS

Internal Audit Report

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

Name of council:	Clawson, Hose & Harby Parish Council		
Name of Internal Auditor:	Martin Cooke	Date of report:	21 st April 2023
Year ending:	31 March 2023	Date audit carried out:	10 th & 14 th April 2023

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 2022. 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:

This internal Audit report was compiled following several independent tests / checks being undertaken using various financial records, documents, minutes etc both through the official website and during an audit meeting with your Clerk Terry Brown on the 14th April 2023.

The following topics were reviewed against our standard checklist format:

Observations from last year's Internal Audit:

1. It was noted that the website was difficult to navigate, and there were plans to work with the website provider to improve this. Evidence would suggest this has not been achieved and the website continues to be difficult to navigate. **I recommend the Council carry out a full review of the website to ensure it becomes fit for purpose.**
2. The Equal Opportunities Policy and Complaints Procedure needed to be reviewed and updated, if necessary, they appear to have been reviewed but not displayed on website. **I highly recommend these policies are re-reviewed and current, updated & dated copies are displayed on the website.**
3. There is need for a Data Protection Policy to be in place, **this still has to be completed and displayed on the website.**

Recommendation

Accounting records:

- All details were recorded in the electronic financial ledger and appeared to be sufficiently recorded however, the system seems to be extremely complicated and somewhat difficult to follow. **The AGAR item "A" will be YES but, I recommend a review of the financial ledgers be carried out to try and streamline the process and the detail.**

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- There was no evidence of a regular review of bank balances and the information being relayed to councillors. **This must be included regularly on the agenda of Council meetings to ensure transparency and council members are fully aware of the accounts.**
- There is no evidence of bank accounts being regularly reconciled. **I recommend this is addressed immediately as this is considered a major breach of the financial requirements and as such contravenes item I of the AGAR document which will be marked as "NO".**

Financial requirements:

- Standing Orders & Financial Regulations had not been updated for several years and there appeared to be no copy on the website, **Financial Regulations must be displayed on the website and must be reviewed annually and minuted accordingly, as per the requirements of point "B" on the AGAR which requires finances to be controlled in line with the Councils FR's, if these are not in place this cannot be measured sufficiently and as such will be indicated as No (non-compliant) on the AGAR document.**
- Payments in the ledger were generally supported by invoices and minuted and authorised at the relevant PC meetings against a listed monthly payment schedule, VAT is appropriate recorded.
- There was evidence of limited internal control, however, as detailed in this report there needs to be a measured improvement to process and documentation.
- VAT is recorded accurately and last 6 month VAT to be reclaimed.
- There were two specific S137 expenditure items recorded in the minutes £565 & £135.

Risk Management:

- Scanning the minutes there didn't appear to be any unusual activity'
- Insurance was reviewed and appears to cover Public, Employee and Assets however, there is some uncertainty with regard the value of assets. (see Assets).
- There was no evidence of a review of the Risk Assessment during the year.
It is crucial that the Risk Assessment document is up to date and reviewed regularly to ensure it remains fit for purpose, (Practitioner's guide 2021 5.89/ 5.102) this is a major breach of the AGAR item "C" requirements and as such will be indicated as No (non-compliant) on the AGAR document.
- There was evidence of a Rospa inspection and periodic checks of play areas but this has to be managed more closely, more regularly and the Council needs to minute any action taken to mitigate risk. **I recommend the Council have an agenda item of Risk Assessment at each meeting and record assessments undertaken and proposed action.**
- **The Council need to review the bank payment process and consider protecting the Clerk by introducing a second approval process for payments once the Clerk has loaded the payment on to the bank.**

Precept & Budget

Budget

The annual Budget and Precept were approved January 2023 but there is no copy displayed on the website and in reviewing the budget document and process, there is insufficient evidence that budget process has been carried out adequately. There is also concerns over what is described as contingencies. **My conclusion is that the precept requirements did not result from an adequate budgetary process against the budget, the AGAR item "D" will be No**

Income:

- Income from Allotments, Burials, and minor sums from the car park etc. are recorded appropriately in the ledger.
- Allotments agreements / leases are controlled by the Clerk through a manual recording process, as an observation it was noted that the financial year for allotments appears to be September to September, it may be worth considering bringing the accounts in line with the PC year.
- There was no minuted evidence of regular review of progress against the budget. **I would recommend this is done regularly and reported to Council to comply with Internal Control requirements however, as everything is properly recorded I propose to indicate item "D" on the AGAR as YES.**

Petty Cash

- No petty cash is held. **AGAR item "F" will be indicated as Not Covered.**

Salaries / Employees:

- There is now only one employee (the Clerk) following the recent departure of the Maintenance officer. Salary was recorded as required within the ledger, **AGAR item "G" will be Yes**

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- There is no requirement for Pension provision.
- There was no evidence to confirm that salaries are reviewed annually. **I recommend this is included as an agenda item at least once per year.**

Asset Control:

- There is no Asset register displayed on the website.
- On viewing the register, some of the values indicated appear to be excessive and inaccurate, there are items noted as being removed but no dates of when this happened. **Items need to be clearly defined with accurate costings and removed items need to be dated and values adjusted. I recommend the asset register is completely reviewed and revalued accordingly. In addition, I would recommend that the Insurance cover be reviewed to ensure sufficient and accurate cover is in place. AGAR item "H" will be marked as NO.**
- Deeds etc were held by local Solicitor, Clerk to check details.

Accounting Statements:

- It was noted there were two bank accounts.
- Accounting statements **need to be prepared throughout the year** but there was evidence of debtors & creditors recorded correctly where necessary and there was evidence of a financial trail through records. **AGAR item "J" will be Yes**
- On the sample payments taken there was evidence of control with all being approved in Council, minuted and paid accordingly.
- The Yearend accounts had been prepared, bank statements and ledgers reconciled, these will be signed off at next PC meeting.
- This year's sections 1 & 2 of the Annual Return had been drafted for signing at the next PC meeting.

Transparency:

- The following were NOT displayed / published as required which contravenes the Transparency requirements. **AGAR item "L" will be No**
 - End of year accounts / Accounting Statement (no variation report)
 - Annual Governance Statement.
 - Internal & External Audit reports.
 - Asset Register.
- A list of Councillor Responsibilities was available not displayed on the website, **I would recommend this was added to the website as soon as possible.**
- Agendas and meeting papers are published as required and draft minutes were generally issued within one month.
- The PC website appears to be regularly updated **but, it is difficult to navigate and find some information with ease. I would recommend a review of the websites effectiveness.**

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Exercise of Public Rights:

- "The Notice of Public Rights" was issued and displayed on the website as required. **AGAR item "M" will be Yes**

AGAR Publication for prior year:

- The AGAR Annual Governance & Accounting Statement documents were not displayed on the website for 2021/2022 which contravenes the AGAR requirements and as such **AGAR item N will be indicated as No.**

Trust Funds:

- Clerk confirmed there were no Trust funds

Miscellaneous:

- There was evidence confirming the previous internal audit had been reviewed but, no reference to the external audit noted and no copy available to review.
- Clerk confirmed electronic files are backed up to the cloud.
- Members interests were not displayed on the website, Clerk to investigate and resolve.
- The Equal Opportunity Policy had not been reviewed since May 2017 and the Complaints process not reviewed since 2010, **I recommend these documents are reviewed and updated urgently.**
- Minutes were initialled by page and signed by the chair at each meeting.
- Clerk confirmed there were no sub-committees.

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Cemeteries:

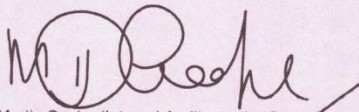
- The Council were totally responsible for one Cemetery, including maintenance, burials etc.
- The Clerk manages the green slips, income and expenditure, which is recorded in the council ledger.
- Cemetery regulations / policy is in place but has not been reviewed since 2017. ***I recommend this is reviewed and updated urgently.***
- The Clerk confirmed there is a very old Burial plan and map in existence but with such a large cemetery this needs to be updated and more detailed. ***I would recommend this is updated and converted to an electronic document as soon as possible.***
- Cemetery costs have not been reviewed for several years, ***I recommend this is reviewed and displayed as soon as possible.***

Annual returns:

- The annual return section 2 details (Y/E 31st March 2023) are set out at the end of this document.

In conclusion, I would like to thank the Clerk for his support during the auditing process and present this report as my Internal Audit findings.

Yours sincerely,



Martin Cooke (Internal Auditor to the Council)
Mob: 07809 466500 martindcooke23@gmail.com

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

	Year ending 31 March 2022	Year ending 31 March 2023
1. Balances brought forward	£42,135	£56,708
2. Annual precept	£61,088	£65,364
3. Total other receipts	£36,987	£20,992
4. Staff costs	£20,617	£23,127
5. Loan interest/capital repayments	0	0
6. Total other payments	£62,805	£57,272
7. Balances carried forward	£56,708	£62,665
8. Total cash and investments	£56,708	£62,665
9. Total fixed assets and long-term assets	£291,824	£291,824
10. Total borrowings		

Section 1 – Annual Governance Statement 2022/23

We acknowledge as the members of:

CLAWSON HOPE & HARTY 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.		<input checked="" type="checkbox"/>	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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		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.	<input checked="" type="checkbox"/>		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
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.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A 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:

10/5/23

and recorded as minute reference:

23/020/2

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

Chairman

Nick Johnson SIGNATURE REQUIRED

Clerk

T. Don SIGNATURE REQUIRED

CLAWSON HOPE & HARTY PARISH COUNCIL WEBSITE ADDRESS

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Section 2 – Accounting Statements 2022/23 for

CRAWFORD HOPE & HARTY PC

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	
1. Balances brought forward	42135	56708	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	61088	65364	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	36987	20992	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	20617	23127	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	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	62885	57272	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	56708	62665	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	56708	62665	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	291824	291824	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	0	0	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)		<input checked="" type="checkbox"/>		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)			<input checked="" type="checkbox"/>	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

[Signature]
Date: 8/4/23

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

10/5/23
as recorded in minute reference: 23/020/3

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

[Signature]
10/5

Bank reconciliation – pro forma

This reconciliation should include **all** bank and building society accounts, including short term investment accounts. It **must** agree to Box 1
"Year ending 31 March 20xx" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts are prepared on a receipts and payments basis. To complete the highlighted boxes, remembering that un-presented cheques should be entered as negative figures.

Name of smaller authority:

County area (local councils and parish meetings only):

Financial year ending 31 March 2023

Prepared by (Name and Role):

Date:

	£	£
Balance per bank statements as at 31/3/23:		
Current	11,339.11	
Deposit	51,326.20	
		62,665.31
Less: any un-presented cheques as at 31/3/23		
None	0.00	
Add: any un-banked cash as at 31/3/23		
None	0.00	
Net balances as at 31/3/23 (Box 8)		62,665.31

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Explanation of variances – pro forma

Name of smaller authority: **Claydon House and Harby PC**
 County area (local councils and LAEs): **LAEs**

Insert figures from Section 2 of the AGAR in all **Blue highlighted boxes**

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- New from 2020/21 onwards; variances of £100,000 or more require explanation regardless of the % variation year on year;
- breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/ rates & levies value (Box 2).

	2021/22 £	2022/23 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input. DO NOT OVERWRITE THESE BOXES	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	42,155	56,708					
2 Precept or Rates and Levies	61,088	65,364	4,276	7.00%	NO		
3 Total Other Receipts	36,987	20,982	-15,995	43.24%	YES		2021-22 Larger grant receipts =£19066; 2022-23 higher grant receipts =£25611, 2022-23 higher cemetery receipts £472, -£19066 + £25611+£472 = -£16033
4 Staff Costs	20,617	23,127	2,510	12.17%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	62,805	57,272	-5,533	8.81%	NO		
7 Balances Carried Forward	56,708	62,665			NO	VARIANCE EXPLANATION NOT REQUIRED	
8 Total Cash and Short Term Investments	56,708	62,665				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	291,824	291,824	0	0.00%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

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