

Internal Audit

Harwell Parish Council

Year Ending 31 March
2023

Internal Auditor: Abbott Denton & Co

Summary Checklist Report

This internal audit report is based upon the Association of Local Councils recommended checklist, introduced in 2016, in conjunction with the Practitioners' Guide to Governance and Accountability in Local Authorities.

Internal Audit Summary Checklist Report for
Harwell Parish Council
Year Ending: 31 March 2023

Name of Council	Harwell Parish Council	Name of Clerk to the Council	Stephanie Taylor
No. Of Councillors	11	Name of RFO	Stephanie Taylor
Quorum	4	Precept (for audit year)	£137,253
Electorate	3884	Gross budgeted income	£152086 incl precept

1. Book-Keeping			Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes	The accounts are produced using Rialtas Alpha accounting software. They were balanced and up to date for the monthly Council meeting.
1.2	Arithmetic correct?	Yes	Checks of the accounting system (Excel) confirmed that the cashbook and other accounts arithmetic were correct.
1.3	Evidence of internal control?	Yes	<ul style="list-style-type: none"> • Internal audit • Risk assessment policy • Risk management schedule • Budgetary control and monitoring • Bank reconciliation review by Council
1.4	VAT evidence, recording and reclaimed?	Yes	The Council is able to recover VAT through the Local Authorities and Similar Bodies Scheme. VAT is claimed quarterly. A VAT 126 claim covering the period 01-01-2023 to 31-03-2023 was made totalling £3,694.01. The funds were received after the year end
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes	See Detailed schedule in Compliance Testing Report. All payments are authorised in monthly minutes.
1.6	Is GPC expenditure separately recorded and within statutory limits?	Yes	All GPC (formerly S137) expenditure is identified on the accounting software. GPC expenditure is identified in PC minutes.
1.7	Is GPC expenditure of direct benefit to the electorate?	Yes	All GPC expenditure incurred in the current financial year was in respect of activities relevant to the parish.

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2. Due Process			Comments & Recommendations
2.1	Standing Orders adopted since 2010?	Yes	The Clerk gave an assurance that Council review the Standing Orders annually. Last review was May 2022 as minuted.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	Standing Orders, together with other key Council governance documents, were reviewed and approved at the Annual meeting in May 2022
2.3	Financial Regulations adopted?	Yes	The Clerk gave an assurance that Council reviewed the Financial Regulations annually.
2.4	Financial Regulations properly tailored to Council?	Yes	The current Financial Regulations are based on the current NALC model Standing Orders and Financial Regulations, adapted to suit the specific needs of the Council.
2.5	Equal Opportunities policy adopted?	Yes	An Equality and Inclusion (Equal Access Policy) has been adopted by the Council and reviewed in September 2022
2.6	RFO appointed?	Yes	Stephanie Taylor was appointed as Clerk to the Council on 04/07/2005, which included responsibility as the RFO.
2.7	List of member's interests held?	Yes	The Clerk maintains and updates the list of member's interests as required. The information is available on the parish council website .
2.8	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	The clerk prepares and signs the council meeting agenda, which lists matters for discussion and is posted on the Council's website and on notice boards around the village on a Wednesday for the following Tuesday Council meeting.
2.9	Purchase orders raised for all expenditure?	Yes	Most orders for goods and services are made by or confirmed by email.
2.10	Purchasing authority defined in Financial Regulations?	Yes	The Financial Regulations stipulate that purchases under £100 require an estimate; from £100 to £1,000 require 3 estimates; £1,000 to £10,000 3 quotes. Over £10,000, tenders required.
2.11	Legal powers identified in minutes and/or ledger?	Yes	
2.12	Committee terms of reference exist and have been reviewed?	Yes	All 4 Committees have Terms of Reference which are reviewed at least annually

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3. Risk Management			Comments & Recommendations
3.1	Does a scan of the minutes identify any unusual financial activity?	No	Minutes are prepared for all meetings of the Council, which meets monthly. No unusual financial activity was found in the minutes reviewed, with the exception of high spend item £15,780.00 Arbocare in February 2023 for tree clearance minutes are available to view on the Council's website.
3.2	Is an annual risk assessment carried out?	Yes	The Council has a formal risk assessment policy in place covering many of the areas of risk the Council may be faced with. The risk assessment policy is maintained by the Clerk and reviewed annually, as part of the review of Standing Orders and Financial Regulations. Red items reviewed monthly
3.3	Is Insurance cover appropriate and adequate?	Yes	The level and range of insurance cover (£10m public, £10m employer) appears to be adequate for the size of the Council.
3.4	Evidence of annual insurance review?	Yes	The insurance is renewed annually on 1st June. Insurance cover is currently placed with brokers Community Action Suffolk . The Clerk undertakes a review of insurances prior to renewal to ensure that best value is obtained in respect of service levels and premiums.
3.5	Internal financial controls documented and evidenced?	Yes	Stipulated in the Standing Orders, Financial Regulations and Risk Management
	Review of effectiveness of internal control	Yes	<p>Controls include Financial Regulations (reviewed annually), internal audit, review of internal audit report & action plan where necessary, payments authorised by full council monthly & paid using dual authority at bank, any interim payments reported at next council meeting, cashbook sent to all councillors monthly, bank reconciliation done monthly by clerk and separately by a councillor, no petty cash system, quarterly accounts report, budget requirements suggested by committees, budget and precept approved by full council.</p> <p>The review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following:</p> <ul style="list-style-type: none"> • the scope of internal audit; • independence; • competence; • relationships with the clerk and the authority; and • audit planning and reporting.

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3.6	Minutes initialled, each page identified and overall signed?	Yes	Minutes of all Council meetings are initialled by the chair of the meeting. Each page of the minutes is identified by a unique page number reference and all minutes are signed by the meeting chair and dated.
3.7	Regular reporting and minuting of bank balances?	Yes	Bank reconciliation is done monthly by the clerk and separately by a councillor and balances are presented to Council at each meeting.
3.8	S137/GPC expenditure minuted?	Yes	All expenditure is minuted and identified as S137 expenditure in the minutes.

4. Budget		Comments & Recommendations	
4.1	Annual budget prepared to support precept?	Yes	A detailed budget is prepared annually by the Clerk.
4.2	Has budget been discussed and adopted by Council?	Yes	The budget for the financial year being audited was reviewed and approved by the Council at its January 2022 meeting.
4.3	Any reserves earmarked?	Yes	Schedule provided
4.4	Any unexplained variances from budget?	Yes	All explained as per the Annual Return and year-end financial reports.
4.5	Precept demand correctly minuted?	Yes	The approved precept demand of £137,253 was forwarded to VOWHDC by the deadline and was correctly minuted.

5. Payroll – Clerk		Comments & Recommendations	
5.1	Contract of employment?	Yes	The PC has three employees. The contract of employments in respect of the all employees roles was inspected and found to be in order.
5.2	Tax code issued/contracted out?	Yes	
5.3	PAYE/NI evidence?	Yes	Payments to HMRC recorded
5.4	Has Council approved the salary paid?	Yes	Payments approved and minuted
5.5	Other payments reasonable and approved by Council?	Yes	

6. Payroll – Other		Comments & Recommendations	
6.1	Contracts of employment?	Yes	Contract produced and inspected
6.2	Does the Council have employers' liability cover?	Yes	The Council has employer's liability cover of £10m.

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6.3	Tax code(s) issued?	Yes	
6.4	Minimum Wage paid?	Yes	
6.5	Disciplinary, Grievance & Complaints procedures in place?	Yes	A complaints and Grievance Policy has been adopted and disciplinary procedures are in the Clerks contract of employment.

7. Asset Control			Comments & Recommendations
7.1	Does the Council keep a register of all material assets owned?	Yes	The Clerk is responsible for maintaining the manual asset register.
7.2	Is the asset register up to date?	Yes	The asset register was up to date as at the financial year-end.
7.3	Value of individual assets included?	Yes	All assets have an individual value on the asset register
7.4	Inspected for risk and health and safety?	Yes	Grounds staff inspect village assets weekly, A Councillor inspects the village assets e.g. play areas on a regular basis and reports back to the Council. Play equipment checked weekly by staff, annually by ROSPA accredited inspectors.
7.5	Land and Building asset register?		

8. Bank Reconciliation			Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes	The Council holds the following bank accounts, all of which were operating at the start of the financial year; Co-op Bank Current Account - A/c number 65273283-0 Co-op Bank Deposit Account - A/c number 65273283-50 Cambridge Building Scty Deposit - A/c number CB01359738
8.2	Reconciliation carried out on receipt of statement?	Yes	The bank accounts are reconciled on receipt of bank statements.
8.3	Any unexplained balancing entries in any reconciliation?	No	n/a
8.4	Is the bank mandate up to date?	Yes	All payments are entered by the Clerk onto online banking and are authorised by one councillor who has their own login credentials. Cheques also require 2 signatories.

9. Year-End Procedures			Comments & Recommendations
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9.1	Year-end accounts prepared on correct accounting basis?	Yes	Day to day and year-end accounts are prepared on an Income and Expenditure basis.
9.2	Bank statements and ledger reconcile?	Yes	A full reconciliation of each bank statement to the corresponding account in the ledger as at 31st March was prepared and reviewed and approved by the Council.
9.3	Underlying financial trail from records to presented accounts?	Yes	The accounting system provides a satisfactory audit trail to the underlying financial records.
9.4	Where applicable, debtors and creditors properly recorded?	Yes	
9.5	Has Council agreed, signed and minuted sections 1 & 2 of the AGAR (Annual Return)?	No	Section 1-Annual Governance Statement and the Section 2-Accounting Statement, will be signed and minuted by Council during the scheduled June 2023 meeting.

10. Miscellaneous		Comments & Recommendations	
10.1	Have points raised at the last internal audit been addressed?	Yes	
10.2	Has the Council adopted a Code of Conduct since July 2012?	Yes	The Council adopted the new Oxfordshire Councils Councillors' Code of Conduct in August 2022
10.3	Is eligibility for the General Power of Competence properly evidenced?	N/A	
10.4	Are all electronic files backed up?	Yes	
10.5	Do arrangements for the public inspection of records exist?	Yes	The Transparency Act requires a significant amount of Council data to be available on the Council's website. Notice of audit is displayed as per external audit instructions. Outside of this period, inspection of records can be undertaken by prior appointment.

11. Charities		Comments & Recommendations	
11.1	Charities reported and accounted separately?	No	
11.2	Have the Charity accounts been separately audited?	No	Not required.
11.3	Have the Charity accounts and Annual Return been filed within the legal time limits?	No	Not applicable

12. Burial Authorities		Comments & Recommendations	
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12.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?	yes	
12.2	Are fees levied in accordance with the Council's approved scale of fees and charges?	yes	
12.3	Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly?	yes	
12.4	Do all internment of ashes have a certificate of cremation?	Yes	
12.5	Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	Yes	

13. Income Controls			Comments & Recommendations
13.1	Is income properly recorded and promptly banked?	Yes	
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The precept was received in the following instalments and recorded in the accounts: April 2022: £68626.50 (50% of annual precept). September 2022: £68,626.50 (50% of annual Precept) The total precept received for 2022/23 was £137,253 as per the VOWHDC notification
13.3	Are security controls over cash adequate and effective?	N/a	.

14. Petty Cash			Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	N/a	No petty cash is used
14.2	Is petty cash expenditure reported to Council?	N/a	
14.3	Is petty cash reimbursement carried out regularly?	N/a	

15. Accessibility/Transparency			Comments & Recommendations
15.1	<p>Are the following documents published on the website as per Transparency Code 2015:</p> <ul style="list-style-type: none"> • All items of expenditure above £100 • End of year accounts • Annual governance statement • Internal audit report • List of a councillor or member responsibilities • The details of public land and building assets • Minutes, agendas and meeting papers of formal meetings 	Yes	Once council has approved the accounts June 2023
15.2	Is the website accessible as per The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018?	Yes	
15.3	Has an Accessibility Statement been published on the website?	Yes	

16. Freedom of Information/GDPR			Comments & Recommendations
16.1	Is the Council registered with ICO?	Yes	
16.2	<p>GDPR: Freedom of Information scheme Data Protection policy Retention and Disposal of Documents policy Privacy Notice</p>		
16.3	Are the above documents published on the Council's website?	Yes	

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TRANSACTION SPOT CHECK						
<u>Check No.</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
<u>Transaction type</u>	Purchase invoice	Purchase invoice	Payroll	Purchase invoice	Payroll	Precept
<u>Supplier/Customer</u>	Viking	Atworth Arboriculture	HMRC	J D Roofing	3 Employees	VOWHDC
<u>Invoice/Transaction No.</u>			October 2022		October 2022	
<u>Invoice/Transaction date</u>	09/08/2022		28/10/2022	09/08/2022	28/10/2022	08/09/2022
<u>Goods/services supplied</u>	Building supplies	Tree survey	PAYE	Garage Roof	Salary	Precept
<u>Ledger date</u>			28/10/2022		28/10/2022	08/09/2022
<u>Item/Budget heading</u>	Administration	Open spaces	Staff Costs	Open spaces	Staff Costs	Precept
<u>Ref/cheque No.</u>	Cheque 400004		Online Banking	Cheque 400008	Online Banking	Funds received
<u>Authorised by</u>	2*authorised signatories	2*authorised signatories	2*authorised signatories	2*authorised signatories	2*authorised signatories	Clerk
<u>Delivery evidence</u>	Councillor checked	Councillor checked	Councillor checked	Councillor checked		Funds received
<u>Payment minute ref</u>	09/08/2022	21/03/2023	8/11/2022	09/08/2022	8/11/2022	
<u>Payment value</u>	£256.80	£2208.00	£602.04	£5460.00	£4337.40	£.00
<u>Bank Statement value</u>	£256.80	£2208.00	602.04	£5460.00	£4337.40	£68,626.00
<u>Payment Date</u>						
<u>Timely payment</u>	Yes	Yes	Yes	Yes	Yes	Yes
<u>VAT recorded</u>					n/a	n/a
<u>GPC recorded in ledger</u>	n/a	n/a	n/a		n/a	n/a
<u>GPC minuted</u>	n/a	n/a	n/a		n/a	n/a
<u>Notes</u>						t
<u>Pass</u>	√	√	√	√	√	√

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Any further comments

The overall internal audit assurance rating is: VERY GOOD.

Acknowledgments

The help and co-operation of Stephanie Taylor , Clerk to the Council is much appreciated by the internal auditor.

Internal audit carried out by	(signed) H J Hood FCCA	(print)
Audit type (delete as appropriate)	INTERIM ANNUAL	
Date	24/05/2023	

For internal auditor's use only

Part 3 of Annual Return form completed and signed	26/05/2023
Internal audit report/letter sent to Council	27/05/2023

**Section 2: Compliance Testing Report for Harwell Parish Council
Year Ending: March 2023**

2022/23 ANNUAL RETURN		Year Ending 31 March 2022	Year Ending 31 March 2023
1	Balances brought forward	£ 174,927	£156,870
2	Annual precept	£ 122,722	£137,253
3	Total other receipts	£ 12,162	£ 18,190
4	Staff costs	£ 70,076	£71,653
5	Loan interest/capital repayments	£ 0	£ 0
6	Total other payments	£ 82,865	£68,451
7	Balances carried forward	£ 156,870	£ 172,209
8	Total cash and investments	£ 157,122	£168,762
9	Total fixed assets and long term assets	£ 437,355	£440,350
10	Total borrowings	£ 0	£ 0
11	The Council acts as a sole trustee for and is responsible for managing Trust funds or assets	NO	NO