

# Audit Report

## Charlton Hayes Parish Council

**Audit Plan Year:** 2023/24 In Year Assurance

**Audit Status:** Audit Completed

**Audit Review Date:** April 2024

### Report Distribution:

Simon Davies – Deputy Clerk to Charlton Hayes Parish Council

Andrew Davies – Clerk to Charlton Hayes Parish Council

**1. Objective**

The objective of the audit was to provide an independent opinion on the appropriateness of the financial control procedures operated in the Council. Kerry Woodey, Senior Audit Officer examined these procedures.

**2. Opinion**

The highlighted wording in the table below provides the opinion for this internal audit review and its accompanying description.

High Standard	Systems and processes are excellent providing good assurance. Significant strengths have been identified and are to be commended, any recommendations made will serve to further strengthen existing arrangements.
Reliable Standard	There are very few significant matters arising from the audit, systems of control are good and provide reasonable assurance.
Improvements Required	Existing procedures need to be improved in order to ensure that they are fully reliable. Extensive recommendations have been made but the issues are not of such a significance to represent a major risk to the Council.
Significant Improvements Required	Existing procedures are weak and reasonable assurance could not be provided over a number of areas. Prompt action is necessary to improve the situation and avoid unnecessary risks.
Fundamental Weaknesses Identified	The matters arising from the audit identify that there are fundamental weaknesses which place doubt on the reliability of the procedures reviewed. Urgent action is necessary to improve the current situation and reduce risk exposure.

**3. Key Strengths**

- There are regular and quorate meetings of the Full Council, which contain adequate information and are numbered.
- A sample of payments made by the Council were reviewed, invoices were available and retained, transactions bonafide and payments presented to Council for authorisation.

**4. Key Risks**

- The insurance schedule does not include all assets held by the Parish Council.
- The Parish Council does not have a risk register and/or risk management policy.
- The asset register does not contain all required information.
- The Financial Regulations is out of date and does not reflect the current structure.

**5. Key Actions**

- The insurance schedule should be updated to ensure it covers all Parish Council assets adequately.
- The Parish Council should create a risk register and/or risk management policy.
- The asset register should be updated to include all required information.
- The Financial Regulations should be brought up to date and reflect the Parish Council’s current structure.

**6. Advisory Points**

- The Council was formed in May 2023, however up until February 2024, the Local Authority, South Gloucestershire Council, was processing all payments on behalf of the Parish Council. Therefore, it has been unable to complete certain tasks that would be expected. The Council does not currently have a cashbook, however, it is looking to set up the use of accounting software imminently and this has been noted in the Full Council minutes reviewed. Due to the Council’s bank account only being ready to use in February no bank reconciliations have taken place. There has also been no regular budget or variance reporting, nor general or earmarked reserves set. As the Parish Council’s bank account is now up and running and their precept received, it would be expected that these tasks begin to take place moving forward.

All of the matters arising from the audit are detailed in the Action Plan together with suitable recommendations.

**7. The Control Environment**

Key Control Objectives		Achieved?
A.	Appropriate accounting records have been kept properly throughout the financial year.	No
B.	The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Yes
C.	The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	No
D.	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Not Covered
E.	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Not Covered
F.	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/A
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.	Not Covered
H.	Asset and investment registers were complete and accurate and properly maintained.	No
I.	Periodic bank account reconciliations were properly carried out during the year.	Not Covered
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.	No
K.	Councils with turnover of below £25,000.	Not currently applicable

## Audit Report: Charlton Hayes Parish Council

	If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i> .	to any SGC clients.
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.	No
M	The authority, during the previous year (2022-23) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and / or authority approved minutes confirming the dates set)</i> .	Not Covered
N	The authority has complied with the publication requirements for 2022/23 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	Not Covered
O	Trust funds (including charitable) - The council met its responsibilities as a trustee.	N/A

### 8. Auditors & Acknowledgements

Audit Manager	Justine Lawson
Auditor	Kerry Woodey

We are extremely grateful to the following officers for their help during this review:

Andrew Davies – Clerk to Charlton Hayes Parish Council

Simon Davies – Deputy Clerk to Charlton Hayes Parish Council

**Audit Report: Charlton Hayes Parish Council**

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer ; Proposed Timescale
<b>Priority: High</b>				
1	<p><b><u>Risk Register / Risk Management Policy</u></b></p> <p>The Council does not currently have a risk register identifying key risks to achieving its priorities and objectives.</p>	<p>The Council may be unaware of the risks that are posed to them and the mitigations they can take to minimise the event of a risk happening.</p>	<p><b>Recommendation</b></p> <p>The Council should look to create a risk register or risk management policy which looks to identify risks that may affect the Council achieving its priorities or objectives. These could include but are not limited too:</p> <ul style="list-style-type: none"> <li>● financial – loss of money;</li> <li>● security – fraud, theft, embezzlement;</li> <li>● property – damage to property;</li> <li>● legal – breaking the law or being sued;</li> <li>● IT – failure of IT systems or misuse; and</li> <li>● reputational – actions taken could harm the authority’s public reputation.</li> </ul> <p>This should then be reviewed annually by Full Council.</p>	<p><b>Responsible Officer</b></p> <p>Clerk to Charlton Hayes Parish Council</p> <p><b>Target Implementation Date</b></p> <p>30/06/2024</p>
2	<p><b><u>Insurance Schedule</u></b></p> <p>The assets included within the insurance schedule do not match the assets listed on the asset register. For example, no IT equipment has been insured.</p>	<p>There is a risk that the Council does not have adequate insurance in the event of a claim.</p>	<p><b>Recommendation</b></p> <p>The insurance schedule should be reviewed against the Council's asset register to ensure all items are appropriately insured. The insurance company should be provided with a copy of the asset register annually so that they can make sure the Parish Council has a sufficient level of insurance cover for it's assets. The value on the insurance schedule and asset register can then be used to complete the figures on the AGAR for box 8.</p>	<p><b>Responsible Officer</b></p> <p>Clerk to Charlton Hayes Parish Council</p> <p><b>Target Implementation Date</b></p> <p>30/06/2024</p>

**Audit Report: Charlton Hayes Parish Council**

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3	<p><b><u>Asset Register</u></b></p> <p>The Council does have an asset register, however it does not contain all the required information.</p>	<p>There is a risk that the Council's assets are unclear and listed incorrectly in the Council's accounts. It could also cause an issue in the event an insurance claim needs to be made.</p>	<p><b>Recommendation</b></p> <p>The Council's asset register should be updated to include the following information:</p> <ol style="list-style-type: none"> <li>1. The purchase price of the asset, net of VAT.</li> <li>2. The current insured/replacement value.</li> <li>3. The purchase date.</li> <li>4. Disposals tab.</li> </ol> <p>Further guidance can be found in the NALC practitioners guide.</p>	<p><b>Responsible Officer</b></p> <p>Clerk to Charlton Hayes Parish Council</p> <p><b>Target Implementation Date</b></p> <p>30/06/2024</p>
<p><b>Priority: Medium</b></p>				
4	<p><b><u>Financial Regulations</u></b></p> <p>The Council has adopted the NALC model, however the information contained within does not seem to have been personalised to the Council's operation.</p> <p>An RFO is mentioned throughout, and it has been noted the council does not currently have one.</p> <p>The example limits have been retained from the model policy including the NALC logo and information.</p> <p>The public contract regulation</p>	<p>There is a risk that the information being used by the Council is out of date and not suitable for the Council's current operational set up.</p>	<p><b>Recommendation</b></p> <p>The Financial Regulations should be reviewed to ensure that they are tailored to the Council's operational model and that the Council is comfortable with the financial limits that have been set within.</p> <p>It should also be updated to to reflect the correct and most up to date tendering thresholds and limits. As of 1st January 2024, this has now increased to £214,904 &amp; Works £5,372,609.</p> <p>Awareness should be maintained of any future updates to thresholds, and these should be updated into the standing orders when required.</p> <p><a href="#">Procurement Policy Note 11/23</a></p>	<p><b>Responsible Officer</b></p> <p>Clerk to Charlton Hayes Parish Council</p> <p><b>Target Implementation Date</b></p> <p>30/06/2024</p>

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<b>No.</b>	<b>Matter Arising</b>	<b>Associated Risk</b>	<b>Recommendation</b>	<b>Responsible Officer ; Proposed Timescale</b>
	limits noted are out of date.			