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Mrs E Shayler
Locum Clerk to Bleadon Parish Council
Coronation Hall,
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9 June 2023

Dear Liz

BLEADON PARISH COUNCIL

Internal audit report - Year ended 31 March 2023

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

I am bound by the ethical guidelines of the Institute of Chartered Accountants of England and Wales. I confirm that I am independent of the Council.

The internal audit work I have carried out has been planned to enable me to give my opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2022-23 Annual Governance and Accounts Return.

I have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2022
- The Accounts and Audit (England) Regulations 2015 (as amended).

I was appointed as internal auditor to the Parish Council on 9 May 2022.

My final internal audit review for 2022-23 was undertaken on 9 June 2023.

Background

Bleadon Parish Council has income and expenditure of between £50,000 and £100,000 and is subject to review by the external auditor, BDO LLP. PKF Littlejohn issued their auditor's reports for the 2021 and 2022 audit reviews, which included their conclusions on the formal objections to the accounts.

The Council is the sole managing trustee of Bleadon Children's Playground.

The Council's accounting records are maintained on RBS Alpha.

The Clerk resigned at the end of January 2023. Liz Shayler has been appointed as locum clerk.

Internal audit checks

I have undertaken a series of audit tests on the Council's financial records, vouchers, documents, minutes, policies, procedures and insurance documentation to ascertain the efficiency and effectiveness of the Parish Council's internal control framework. This internal audit report is based on the audit testing carried out during the review.

During this visit I checked the following:

- Minutes of Council Meetings
- Bank and cash
- Expenditure
- Risk assessment
- Asset register
- Action taken on the recommendations in prior report
- Year end checks

Findings

Details of good practice noted, my recommendations and other matters to be brought to the Council's attention are set out below.

Good practice noted at this review

- The Locum Clerk is CiLCA qualified
- The Council maintained its books and records on RBS software. It has now moved to Scribe.
- The Council's Standing Orders and Financial Regulations were within the financial year 2022-23 and are tailored appropriately for the Council
- The Council has appropriate policies in place
- The Clerk is aware of the requirements of GDPR and the Council is registered with the ICO
- The payroll is operated by an independent external payroll provider
- All employees have contracts of employment
- VAT claims are made regularly
- Adequate insurance is in place
- Action has been taken, or is underway on all of the recommendations in the last internal audit report

Recommendations

Expenditure

- My test of a sample of payments back to supporting documentation and vouchers in February 2023 indicated that a credit with PATA payroll services in September 2022 (Voucher 120) was paid by the Council. A review of subsequent invoices from PATA (Voucher 155) indicate that the credit and overpayment may not have been carried forward correctly. The Council should investigate this with PATA and ensure it is not being overcharged. Action on this is underway to address this.

Other matters to be brought to the Council's attention

Annual Internal Audit Report

- The Annual Internal Audit Report was completed with "No" responses to the internal control objectives: A; B; C; D; E; H; I; M and N.
Internal control objectives F and K were answered "Not covered" as they are not relevant to Bleadon Parish Council.
Explanations for these responses are included in Appendix A to this report.
- "Yes" responses were given to the internal control objectives G; J; L and N

Other matters

- The locum clerk has made excellent progress in addressing all the recommendations from my February 2023 report.
- The Council is scheduled to review and approve the updated asset register at the June meeting.
- The meeting of the Council as sole managing Trustee of the Bleadon Children's Playground is scheduled for 22 June 2023.
- I understand that the accounting records in RBS had many inaccuracies in them. There were significant errors in relation to VAT claims and to the way VAT refunds were recorded. RBS and Nina Flint have spent a considerable amount of time correcting these. After the year end shutdown of the RBS accounts for 2022-23 I discovered another error in relation to the recording of a grant of £4,988 for playground equipment. This had been incorrectly recorded as a reduction in expenditure. A manual adjustment has been made to the figures on the AGAR to add this amount to Box 3 - other income, and Box 6 other expenditure.
- During the year end shut down process it came to light that VAT had been reclaimed three times for the quarter March - June 2022. This has been corrected on the most recent VAT claim.

Conclusion

Based on the tests I have carried out, the internal control procedures in operation during 2022-23 in my opinion were **not adequate** to meet the needs of Bleadon Parish Council.

From March 2023 onwards in my opinion the internal control procedures now in operation are **adequate** to meet the needs of Bleadon Parish Council.

Next Steps

This report should be noted and taken to the next meeting of the Parish Council. The Council should decide what action will be taken on the recommendations I have made.

Kind regards

Yours sincerely

A large black rectangular redaction box covering the signature area.

Bridget Bowen FCA

Internal auditor

INTERNAL AUDITOR'S ANNUAL REPORT

Year ended 31 March 2023

Bleadon Parish Council

Objective	Explanation
A	Bills for payment schedules were inaccurate until February 2023 and did not correspond with payments made. Payments were made before being approved by the Parish Council. Spend was agreed at meetings without an appropriate agenda item. Invoices were not sent out or were incorrect. Debts to Council were not consistently followed up. Several payments were made twice, credit balances were paid by mistake. Earmarked reserves remained not understood or incorrectly allocated until March 2023.
B	Until March 2023, bank reconciliations, whilst produced, were not presented to Council quarterly as stated in the Councils Financial Regulations. Bank Reconciliations produced were incorrect.
C	Whilst there was an adopted financial risk assessment during 2022/23 it wasn't reviewed between May 2021 and March 2023. There were elements of the risk assessment which were not followed throughout the year. The Council reviewed and adopted the risk assessment in March 2023.
D	The Council did not monitor actual income and expenditure against budget throughout the year. Earmarked reserves remained not understood or incorrectly allocated until March 2023.
E	Advertising and allotment income that was due to the Council was not properly invoiced and debts owed were not followed up.
F	No petty cash held
H	The fixed asset register included assets that it transpired do not belong to the Council, but are held by the Council as custodian trustee. Public convenience buildings were included at valuation, when the Council had in fact been donated the building by District Council. Other assets that could not be located were included on the asset register, and assets that were in use had not been included on the register. The register has now been reviewed and updated and corrected for the above errors.
I	Until March 2023, bank reconciliations, whilst produced, were not presented to Council quarterly as stated in the Councils Financial Regulations. Bank Reconciliations produced were incorrect.
K	The authority did not certify itself as exempt from limited assurance review in 2021/22
M	The notice was published for the period of elector rights to be between the 13th of June and the 22nd of July 2022. Inadequate arrangements were made for an elector to exercise their rights. After a complaint to the External auditor was upheld, the exercise of public rights was readvertised (26th July – 5th August). Whilst another opportunity was given to view the accounts the arrangements made for the elector to inspect documents were again inadequate.

- No separate trustee meetings have been held since February 2022. The trustee expenditure was not kept separate, and the play equipment funding was sourced and added without permission from the Trust. The Coronation Hall, where the Parish Council is Custodian Trustee, was included on the Asset Register. These matters have all been corrected. The 2022 Annual Return was filed 6 days late. There is a Trustee meeting scheduled for June 2023.

Bridget.C.Bowen FCA
Internal auditor

09-Jun-23