

# Internal Audit Report

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

Name of council:	Wigginton Parish Council		
Name of Internal Auditor:	Nikki Bugden	Date of report:	26/4/2024
Year ending:	31 March 2024	Date audit carried out:	Initial visit 9/4/2024 followed up via email.

*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.*

*This report should be read in conjunction with the Annual Internal Audit Report and guidance laid out in The Practitioners' Guide 2022<sup>1</sup>.*

*Section 1, 2 and 3 of the guide represents the proper accounting and governance practices ('proper practices') referred to in statute.*

*Section 4 of the guide sets out the non-statutory best practice guidance relating to internal audit which authorities are required to consider.*

*Section 5 of the guide provides supporting information and practical examples to assist smaller authority officers to manage their governance and financial affairs and is not mandatory.*

***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:

I would firstly like to thank the clerk for her time and commend her on the organisation of her documentation. Items to be checked were easily located and subsequent questions were answered promptly.

I examined the publicly available information displayed on the council's website including the council's policies, procedures, agendas, minutes, financial and other records. I sought evidence that the previous year's Internal Audit report had been properly reported to and actioned by the Council. I then examined the council's arrangements for the management and control of its business in the areas of bookkeeping, due process (i.e., compliance with the proper practices as set out in the Practitioners' Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control, and year-end procedures. It should be noted that the scrutiny was of a sample number of documents and processes.

<sup>1</sup> [file \(nalc.gov.uk\)](http://file.nalc.gov.uk) (password, if required, available from HAPTC)

Where necessary, I requested and was provided with supplementary evidence to enable me to reach a conclusion regarding the enquiries I am required to make as set out in the Annual Internal Audit Report (AIAR) that forms part of the Annual Governance and Accountability Return (AGAR). This supplementary information was provided in the form of written and verbal answers to the questions raised together with scanned documents or sight of the original documents.

### General

The audit process this year commenced with the assessment of the recommendations from last year. I was pleased to note that there was full scrutiny of my report, and I received a written report of WPC's responses to matters raised.

There will be some outstanding items reported again this year as recommendations however I do acknowledge the comments received from WPC.

The Clerk has been supported by council to pursue professional training. She has now completed her CiLCA and is qualified. This was reported to council in the March meeting and The General Power of Competence adopted. This should be reaffirmed (if the criteria is still met) at the next WPC meeting following elections.

Throughout the year the clerk has continued to build upon the knowledge gained from her studies and this is reflected in the policies and procedures now in place. This is also reflected in the development of the agenda content and transparency. The ongoing work will be to ensure that these policies are fully embedded in the day-to-day practises undertaken by WPC. The increase in the clerk's hours should assist this.

WPC continue to work hard to support their community and my positive assertions reflects their continued support of their clerk and the statutory governance and accounting procedures.

<b>A. Appropriate accounting records have been kept throughout the Year.</b>	<b>YES</b>
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Rialtas accounting software is used and updated regularly, Council receives full reports regularly and they are listed as an agenda item.

<b>B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.</b>	<b>YES</b>
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WPC do not currently use the NALC model financial regulations. I note that last year council responded that their version was deemed appropriate for their circumstances. I would recommend that the revised financial regulations that are due later this year will be considered for adoption as they will offer additional statutory controls and protection, they also receive statutory updates when legislation changes. Council may find the updated version more appropriate than the previous NALC version. It should be noted that the values within the standing orders and financial regulations have been updated in relation to procurement thresholds and their own versions should reflect these.

Care should be taken to ensure that ALL expenditure, unless covered by delegation, is approved via a clear standalone agenda item.

<b>C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	<b>YES</b>
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WPC comply 'in all significant respects'

WPC have now handed over the organisation of one of their large events to a separate community organisation. Council do conduct some risk assessments for their own activities and play areas are inspected by appropriately trained contractors.

A regular, comprehensive report is provided monthly by the main grounds contractor and is a standing agenda item. Contractors' insurance and risk assessments should be checked and a copy retained on file. WPC remain the organisers of the community 'picnic'. There are a variety of stalls and suppliers and whilst I understand that all stall holders or activity providers have their own insurance and risk assessments in place these should be checked with councils' own insurers, particularly for high-risk items such as bouncy castle provision. Copies of any documentation seen should be retained on file in case of any future claims.

There is a signed agreement in place relating to the hire of the sports pitches to a long-standing football club. As this is a children team WPC may wish to consider adding a statement to their agreement relating to safeguarding. This would add a layer of protection for WPC to ensure that all clubs that use the grounds have the relevant FA approved policies and procedures in place.

One additional item of risk that was noted on the agendas was the continued inclusion of AOB (any other business). This item is noted as 'not requiring formal decision' however it does give an opportunity for discussions to escalate into something that could be construed as ultra-vires decision making. I would encourage council to consider removal of this item as a matter of urgency to alleviate this risk.

<b>D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.</b>	<b>YES</b>
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There was good evidence of full reporting and regular consideration, and the supporting documents were provided for regular scrutiny. There was no evidence of supplementary reports to document any underspends or overspends, however the underlying accounting records, showing the budget position, were routinely provided to council. I am pleased to note that the precept calculation during this audit year more clearly reflected the requirements as laid down in legislation, however care should be taken when using manual excel sheets to ensure that the calculations balance. Whilst outside of my audit checks for this audit year, the precept calculation for 2024/25 sheet was available for scrutiny and this sheet accurately balances.

<b>E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.</b>	<b>YES</b>
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Income is reported to council regularly. Council should ensure that they are familiar with the prevailing VAT regime, particularly when collecting income for events or services.

<b>F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.</b>	<b>NA</b>
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There is no petty cash held.

<b>G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.</b>	<b>YES</b>
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WPC comply 'in all significant respects'

A formal contract is in place for the clerk who is the sole employed member of staff. The payroll function is outsourced. The clerk scrutinises the information received from the payroll service. It appears that there have been some discrepancies in the information on the payroll paperwork, noted by the clerk. This particularly relates to overtime being correctly paid and HMRC deductions being correctly paid but the payroll paperwork not being accurate. The clerk should raise this with the provider to obtain revised paperwork for the files (this does not affect any figures submitted to HMRC).

The clerk has received an increase to their hours and an addendum should be added to the contract reflecting this agreement. (*Employment Rights Act 1996*)

<b>H. Asset and investment registers were complete and accurate and properly maintained.</b>	<b>YES</b>
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A comprehensive asset register is held. WPC may wish to consider a photographic log to supplement the written information held as this will provide dated evidence of asset condition. The clerk may also wish to add the insurance value to the asset register for asset and business management purposes. (*JPAG 5.56 onwards refers*)

<b>I. Periodic bank reconciliations were carried out throughout the year.</b>	<b>YES</b>
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These are noted in the minutes, and the bank statements are signed by a councillor along with the bank reconciliation.

It is unclear from the minutes if additional independent scrutiny is being undertaken during the year as defined in the NALC Model Financial Regulations (2.2). Whilst WPC have decided not to adopt the NALC model policies it is my recommendation that periodic, independent scrutiny, from a Cllr who is not a bank

signatory, as part of the council's financial regulation or risk assessment would give council more security in this area. This was reported last year.

<p><b>J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</b></p>	<p><b>YES</b></p>
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A sample selection of invoices was checked from initial decision making through to invoice, cashbook, payment and bank statements. For any VAT to be reclaimed invoices should be in the name of WPC. There have been incidences of invoices not being in the name of the council and the clerk has therefore not claimed the VAT, this does mean that council miss out on the VAT reclaim in these instances. It may be more appropriate for the clerk to originate all expenditure. This could be facilitated by a council debit card if deemed appropriate (with the correct controls in place) or by ordering goods 'on account' with suppliers and paying upon receipt of appropriately addressed invoices.

<p><b>K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</b></p>	<p><b>NA</b></p>
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Council is not an exempt authority therefore this does not apply.

<p><b>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</b></p>	<p><b>YES.</b></p>
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The website contains all statutory documents. The majority of supporting papers are uploaded in time to support the agenda, enabling councillors and the public to clearly follow business to be transacted.

<p><b>M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit regulations.</b></p>	<p><b>YES</b></p>
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<p><b>N. The authority complied with the publication requirements for the prior year AGAR.</b></p>	<p><b>YES</b></p>
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<b>O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.</b>	<b>NA</b>
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This area was not covered as WPC is not a trustee

I am pleased to be able to report that having tested all the aspects of the council's internal controls that I am required to consider, based on the information made available to me I am satisfied that in all significant respects, the internal control objectives were achieved throughout the financial year to a standard adequate to meet the council's needs. Accordingly, I have completed and signed off the Annual Internal Audit Report as required.

Yours sincerely,

*Nikki Bugden*

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

	<b>Year ending 31 March 2023</b>	<b>Year ending 31 March 2024</b>
1. Balances brought forward	35577	39139
2. Annual precept	15500	18000
3. Total other receipts	16239	31026
4. Staff costs	5604	7472
5. Loan interest/capital repayments	600	0
6. Total other payments	21973	30415
7. Balances carried forward	39139	50278
8. Total cash and investments	39139	50278

9. Total fixed assets and long-term assets	89256	90815
10. Total borrowings	0	0

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (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.