Kelvindale
Chapel Lane
Knockin Heath
Oswestry
Shropshire
SY10 8EB

Telephone 01691 - 682715
e-mail:- bt2008@btinternet.com

19 April 2024

Billingsley Parish Council

Ladies and Gentlemen

I have been appointed as your Internal Auditor and am employed by the Council to conduct such tests as are agreed and are sufficient to enable me to complete the Internal Auditor's Report contained within the Audit Commission's Annual Return Form for the appropriate financial year.

My report this year is based on the Guide issued by the Joint Panel on Accounting Guidance (JPAG). Whilst the tests I have made are taken from the Practitioners' Guide, they are relevant to the various headings on the Annual internal audit report. I have again given my rationale for the answers given on that report.

A. Appropriate accounting records have been properly kept throughout the financial year.

I regret to say that appropriate books of account have not been kept properly throughout the year. A Cash Book has been maintained, and whilst it is now up to date, and is now being regularly balanced, until the new Clerk was appointed the reconciliation of the cash book balance and the bank statement do not appear to have ever been agreed by the council at each meeting. The books are made up to 31st March 2024 and were audited by me on 19th April 2024.

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Whilst the Council approved its Financial Regulations at their meeting on 1st November 2023, the council does not appear to have complied with those financial regulations and the dealings are not accurate nor have they been strictly monitored. Payments are not supported by invoices until the new clerk took over, expenditure does not appear to have been approved and VAT was not appropriately accounted for. However, I notice from the accounts that, other than Bank Charges and a payment of £575 to N Oliver for a "Lengthsman Fee", no accounts appear to have been paid other than sums to the previous clerk, yet the minutes show that in addition to the payment to N Oliver, amounts of £120 to Chetton Village Hall, MedUK for £113.88, ICO for £40 and C Maclean for £720.10 totalling £993.98 were approved for payment by the Council. It appears that the previous clerk received funds from previously signed blank cheques and paid these accounts from his own account. Likewise in June a payment to ACORD the Internal Auditor for £100 and one to Shropshire Council for £212.59 in connection with street lighting costs were approved by the Council but again appear as a payment to the previous clerk. The most significant one is a payment, again to the previous clerk, for £2060.78 on 7th November which has not been approved and there are no details of any invoices or approvals. Blank cheques should never be signed, and from what I understand the new clerk is having difficulty getting invoices from the previous clerk. Since the new clerk took over, the banking facilities have been updated, and the above heading is now being adhered to.

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The council has an up to date Risk Assessment policy dated 26th September 2023. This was approved, discussed and adopted by the Council at their meeting on 1st November. The new Clerk has the matter in hand and I have no problem with this being signed at the next meeting of the Council. As I have mentioned above there is no entry in the accounts that the Insurance Premium was paid in 2023 but the clerk assures me that the Council are insured. This will be discussed at the May meeting of the Council.

D. The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves were appropriate.

The draft budget for 2024-25 was discussed by the council and was dealt with in detail at their meeting in January. An expenditure Budget was set, and a Precept of £7,713 has been requested. Reserves are appropriate and the Council has reserves of almost £7,000.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.

All the expected income, including the Annual Precept, Policy Community Grant, Environmental Main Grant and VAT Refund has been received and all criteria met. As mentioned above VAT has been not been accounted until the new clerk took over.

F. The Council does not deal in Petty 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.

The new clerk has a Contract of Employment, which is based on the NALC model. The salary to the previous Clerk was not paid in accordance with what should be council approvals, and PAYE and NI requirements were not properly applied. This has now been rectified with the new Clerk and payments to HMRC from his salary are up to date. The new Clerk's salary has been duly approved and minuted. No allowances to members were paid. The new clerk has been in touch with SALC and he will be making a presentation at the next Council meeting.

H. Asset and investments registers were complete and accurate and properly maintained.

The Asset Register is up to date as at 31st March 2023. Whilst there have been no additions or removals, the Register was discussed at the May meeting of the Council, and the outcome minuted. The Assets are valued at £13,873 and this should be reflected in the insurance policy. It is noted that the assets were due to be reviewed in January 2024 and in the matters arising from the previous meeting in November it was agreed that the current list of assets would be forwarded to Councillors. Nothing appears to have been done since then. There is no Investment register as the Council have no investments.

I. Periodic bank account reconciliations were properly carried out during the year.

Bank balances have been communicated by the Clerk and approved by the Councillors at some meetings.

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.

Accounting statements prepared at the year end by the new Clerk were prepared on the correct accounting basis, agreed to the cash book, and supported by an audit trail. At the year-end there are no unexplained balancing entries in either reconciliation, The year-end accounts have been prepared on the correct accounting basis and the value of investments held is not applicable. At the year end, there are original bank statements for all accounts.

K.* If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2022/23 AGAR tick ("not covered").

The authority certified itself as exempt from a limited assurance review in 2022/23 and again in 2023/24. It met the exemption criteria and correctly declared itself exempt although there was no minute showing this..

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.

I am advised the authority published the required information on the website but the whiole website requires re-vamping, a task which the new clerk is undertaking.

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 2023/24 AGAR period, were public rights in relation to the 2022/23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*

I am unable to confirm that this exercise was correctly provided for. I just mention that whilst the AGAR gives an "and/or" requirement, it would be helpful if the date for the period of exercise was minuted before the event, and minuted in confirmation at the meeting after the event as well as appearing on the website.

N. **The authority has complied with the publication requirements for 2022/23 AGAR*. (see AGAR Page 1 Guidance Notes).***

Because of the change of Clerk, I am again unable to confirm that the authority has complied with the publication requirements.

O. **(For local councils only).**
Trust funds (including charitable) – The council met its responsibilities as a trustee.

Not applicable.

Conclusion.

I am aware that recently there has been a complete change of personnel, both on the Council and the Clerk. Whilst it would be helpful to know details of the payment for £2020 to the previous clerk, I do not feel that there is any element of fraud involved in the financial running of the Council. Because of the change of personnel, it may be helpful for the Councillors to read the Internal Audit report provided by the previous Internal Auditor as there are some useful points in there which I don't think have been taken on board.

That having been said, you have a new Clerk who is sorting things out, and with whom I have worked as an Internal Auditor in the past. I have provided him with a checklist for Councillors to undertake their mandatory internal control checks, and I would suggest it is done at 6 monthly intervals. At least the councillors will know that providing everything on that list is being done correctly, they will have a clean bill of health at the year end. I would like to thank the Clerk for the excellent way in which the accounts and other audit material have been prepared.

Whilst I have had to mark a number of headings as "No" on the Internal Audit form, I am happy that the new Clerk has or will have very shortly, put measures in place to ensure things are done correctly in the future. I would therefore suggest a line is drawn under matters now and we start afresh with 2024-25.

As a final point, I am very conscious of the fact that you as council members willingly give of your time to carry out these important tasks, for no remuneration. You are to be commended for your public spiritedness, and, as I have mentioned previously, if you or your clerk need any assistance that I am able to give, I will gladly do so. Whilst my report is based on my findings, this is only a guide and you have the right to ignore it. That is entirely your decision, but I do hope that we can continue to work together to make it work.

Yours faithfully

Bernard Townson

Bernard Townson
Internal Auditor
19th April 2024