**YEAR END REPORT BY THE INTERNAL AUDITOR – FOR ALSTON MOOR PARISH COUNCIL FINANCIAL YEAR ENDING 31 MARCH 2023**

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**ANNUAL INTERNAL AUDIT REPORT FOR ALSTON MOOR PARISH COUNCIL FOR THE YEAR ENDED 31ST MARCH 2023**

I confirm that I have on 1st May 2023, undertaken an Internal Audit for the Year ended 31st March 2023 in accordance with Account and Audit Regulations (2015) as outlined in the Audit Plan approved by Council. This incorporates new requirements outlined in the “Joint Panel on Accountability and Governance”, Practitioners’ Guide (NALC) March 2023.

All documents, information and accounting records were provided to me via e-mail and in person by the Parish Clerk, who has been extremely helpful in providing all information I have required. I referred to the Council Website and the Charity Commission website (for details of Charities of which the Council/ Council Members were Trustees)- in order to confirm compliance with other statutory obligations. This Report complements the half-yearly Audit Report (November 2022) covering 1st April to 31st October 2022 (refer to: <https://alstonmoor.org/wp-content/uploads/2022/11/ALSTON-PARISH-COUNCIL-AUDIT-NOV-2022.pdf> ).

I have checked through the following areas in my Report, with my findings as follows:

1. **Proper Bookkeeping**

With the exception of two very small VAT errors in the accounts, the accounts are accurate and agree with primary documentation and bank transactions for this period. Computer records are backed up securely.

1. **Standing Orders/Financial Regulations/Policy Documents**

The Council complies fully with Standing Orders and Financial Regulations (the latter updated Sept. 2022). The Parish Council uses a Model Standing Order Policy, although Standing Orders was last updated in 2019. Financial Regulations were again updated to include an Appendix- Financial Reserves Policy in February 2023. Policy documents are on the Website, and a number have now been updated after I identified dated Policies in my November 2022 checks (See Item 15, Minutes of 5th Dec. 2022, and Item 13.b, Minutes of 6th Feb. 2023 Meeting).

1. **Invoice procedure/ Audit Trail**

A random check was made of Invoices paid in this period. There are a couple of transactions where it was not clear how the source documentation agreed with details in the accounts. No errors were found but accounts should be consistent, and it should be clear that amounts in source documentation marry-up with payments in the accounts and bank-statements.

1. **Bank Reconciliation**

The Cash accounts are reconciliated to bank-statements monthly and they accurately show the Financial Position of the Council. A Member validates the reconciliations with a signature on bank-statements every month.

1. **VAT**

The VAT identified and claimed was £2,142.45 for 1st April 2022 to 30th November 2022, the last period VAT was claimed for. This VAT has been received from HMRC by the Parish Council. There was a small £4.81 deficit of what should have been claimed because two small transactions (not paid until December 2022) were omitted from the VAT- inclusive Invoices to be reclaimed for.

1. **Cash Balances at the Bank/ Investment Strategy**

The balances in the bank-accounts at 31st March 2023, total £115,535.53 (allowing for one uncleared cheque of £500). As total reserves are above £100,000 the Council has an Investment Strategy (as-per Sect. 15(1) (a) of the Local Government Act (2003)).

1. **Internal Financial Controls/ Tendering Process**

The Financial Management system remains robust, with a quarterly check of the Council finances, along with monthly Bank-reconciliations which are checked and signed. This fulfils all reporting requirements. The Tendering process remains robust; the Council has complied with all relevant Financial Regulations rigorously.

1. **Security of Public Funds and Employees**

No significant concerns.

1. **Security of Public Spaces and Venues**

There have been no significant issues with regard to the safety and security of these places over which the Parish Council has responsibilities.

1. **Risk Management/ Assets Risk Assessment**

The Risk Assessment and Assets Risk Assessment documents have been updated in March 2023, and were ratified by the Parish Council on 6th March 2023 (Item 12.a in Minutes). These are both comprehensive.

1. **Insurance**

The Insurance cover with Zurich Municipal of just £525.22 for 2022-23 (for the Council) is good value for money. The Insurance is very comprehensive and covers all significant risks to the Council and Council funds and property.

1. **Precept/ Budgetary Control/Variances**

The Precept for 2022-23 was agreed by the Council at the Precept Meeting on 17th January 2022. Budgetary monitoring and Expenditure compared to 2021-2022 shows an increase in some Expenditure items but also an increase in Income Receipts. Some of these were significant (15% or more) increases for which adequate explanations were provided. The Precept for 2023-24 was agreed by the Council on 16th January 2023 and it is on the Parish Council Website, but the Minutes do need amending because they refer to Precept 2022-23 not Precept 2023-24.

1. **General Power of Competence (GPC)/Section 137 Spending.**

The Council retains GPC. Total spending under this category for 2022-23 was £424.57.

1. **Debtors/ Income Controls**

No major problems to report. One debtor has payment to the Parish Council of £48 (due in May 2022) still outstanding.

1. **Local Elections: Candidate Spending Returns and Declaration Forms**

No issues to report. I am aware this is unlikely to be relevant to new (existing) Councillors elected (re-elected) to the Parish Council because they are Independent and tend not to spend money on campaigns.

1. **Employment Contracts and Pay/ Payroll Controls**

The Parish Clerk is paid according to her Pay-grade (as per NALC guidelines), although her Employment Contract still has the Pay rate for 2021-2022: However, she has been paid according to NALC guidelines for 2022-2023. The Payroll is completed on time with PAYE and Pensions are calculated correctly.

1. **Asset Register**

The Asset Register is updated to 31 March 2023. The value of Assets totals £14,394.40 and is correct.

1. **Annual Report (2023) – Financial Report 2022-2023**

The total Expenditure recorded for 2021-2022 and 2022-2023 included payments relating to Expenditure from the previous year because this Expenditure only cleared the Bank-account during the years in question. This led to reported total Expenditure that was £6,050 too high for 2021-2022 and £683 too high for 2022-2023. As such this does not tie-in with Expenditure totals in the accounts or in the AGAR Section 2 (page 5). This needs correcting to ensure all accounts from primary documentation and general accounts to Final Account reports are consistent and accurate.

1. **Transparency Legislation/ Website**

No significant problems to report and a few broken/ missing links on the Website identified in November 2022 have now been fixed. Some links on the Website will need updating to reflect the fact that Alston Moor Parish Council is now in the area run by the new Westmorland and Furness Unitary Authority (as of 1st April 2023). The Council is compliant with all Transparency legislation.

1. **Registers of Interest**

Council fully compliant. All links to Registers of Interest on the Website now work.

1. **Annual Governance and Accountability Return (AGAR) 2021-2022**

This is correct, approved by AMPC on 6th June 2022 (Items 10, 11, Minutes of Meeting then) and on the Website. However, pages 1 to 3 of the AGAR have not been uploaded to the Website.

1. **Notice of Public Rights**

The Parish Council has complied with all requirements in the Local Audit and Accountability Act (2014) Sects. 26 & 27 and Accounts and Audit Regulations (2015)(SI 2015/234). The 2022 Notice of Public Rights is on the Website.

1. **Alston Moor Parish Council: Trustee Obligations.**

The Parish Council (Members) fulfils all legal obligations as a Trustee (Trustees) of Alston Town Hall (Fairhill Estates Charity).

**Recommendations and Conclusions**

I can confirm that the Parish Council is fully compliant with all Account and Audit, and Transparency regulations and other legal requirements. The Parish Council has a robust system of accurately recording, checking, and dispensing Public funds. Where I have identified matters with the Clerk (RFO) and in my Reports, these have usually been dealt with quickly by the Parish Council.

Of the significant issues that I have identified I would say that *Understandability and Consistency* across all the accounts from source documentation to the accounts, Bank Statements and final Account Statements that go into the AGAR and the Annual Report (Financial Statement) is always vital: If that is not the case, a layman checking through the accounts will see inconsistencies and wonder how the figures presented are calculated/ obtained. However, I am happy to note that missing/ broken links that were on the Parish Council Website have been fixed and Policies have been updated.

In concluding the Annual Internal Audit for 2022-2023 I would like to thank the Clerk for her efforts and assistance in providing all information, as required, to complete my Audits not just this year but during previous years too. I would also like to wish the Clerk, for whom this is likely to be my last Audit working with her, a happy and peaceful retirement and to thank her for all she has done over the years.

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Ian Pennell- Internal Auditor 1st May 2023