

Etaerio Ltd

Annual Internal Audit Report

for

Kings Langley Parish Council

**for the financial year ended
31 March 2023**

Auditor: Philip Rhoden

Internal Audit Date: Offsite & 5/6/2023 & 6/6/2023

Report Date: 12/6/2023

Financial Year: 2022/23

Etaerio Ltd

Schedule of Recommendations

Client Kings Langley Parish Council

Y/E: 31 March 2023

Recommendations generally reflect proper practices from the 'JPAG Practitioners' Guide' for smaller authorities & external auditor-issued guidance over the years.

	Control	Recommendation(s)
1	Proper bookkeeping	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls	<p>I recommend that the council's updated Standing Orders (dated March 2023) be uploaded to the council's website.</p> <p>Although it could be deemed to be covered under 3.1 of the council's Financial Regulations, given an internal audit sample item for Christmas Lights traffic management where I understand more than one quote was not sought, the council may wish to consider additional specific provisions in the 'Procurement' section of the Financial Regulations, such as an explicit additional lower threshold or thresholds with lesser requirements for obtaining quotes, or exemptions for the extension of a contract with an existing supplier for example. If the council deems this appropriate, the NALC Model Financial Regulations may provide some useful wording.</p> <p>The council has moved to making payments via online banking and debit card, rather than by cheque. For all these payment methods, the council's Financial Regulations specify approval by the signatures of the Chairman or Vice-Chairman of the Council, the Clerk, and one other member from an approved list of signatories. By definition, cheque signing controls occur prior to making the payment. I recommend that the council considers whether and how the control operating prior to payment should apply to each of online banking and debit card payments given the other controls in place and those that could be implemented.</p> <p>The Joint Panel on Accountability and Governance Practitioners' Guide includes that "Section 150(5) of the Local Government Act 1972 required cheques or orders for payment to be signed by two elected members. Whilst this requirement has now been repealed, the 'two-member signatures' control needs to remain in place until such time as the authority has put in place safe and efficient arrangements..." In summary, (with some exceptions) the NALC Model Financial Regulations envisage authorisation by resolution at a council meeting at which a list of payments together with the relevant invoices is presented. Following this authorisation, the Model envisages cheque signing controls or for online banking payments, that the bank mandate will state clearly the amounts of payments that can be instructed online by the clerk as Service Administrator alone, or by the clerk as Service Administrator with a stated number of approvals by councillors who will be authorised to approve transactions online. (For debit card payments for comparison, a principle control in the Model is a single-transaction maximum-value limit set with the bank). Given that the council's controls in this area are in the process of being revised I recommend that relevant guidance is considered.</p>
3	Risk management arrangements	None.
4	Budgetary controls	None.
5	Income controls	None.
6	Petty cash procedures	None
7	Payroll controls	<p>The signed copy of the new warden's contract of employment was not to hand at the time of the internal audit. I recommend that this be available for next year's internal audit.</p> <p>The payroll schedules on file for February-23 and March-23 at the time of the internal audit did not include authorising signatures. Appreciating that given present circumstances, the signed versions may have been pending being placed on file, I recommend that this control be maintained.</p>
8	Assets controls	The asset register has been updated to help clarify the number of Village Map Display Lecterns. I recommend that this be checked in the light of there being two rows in the register relating to Village Map Display Lecturns and further clarified in the descriptions on the register if needed.

Schedule of Recommendations

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Y/E: 31 March 2023

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	Control	Recommendation(s)
9	Bank reconciliation	The council's Financial Regulations (3.7) stipulate quarterly presentation of the bank reconciliations to council meetings. Whilst I understand that the 31Mar23 bank reconciliations are due to be presented at a June meeting, it appears that the 31Jan23 reconciliations have not been presented. I recommend that the Financial Regulations be followed.
10	Year-end procedures	The council's 'balances' or general reserves at the year end were less than three months' precept. Per the Joint Panel on Accountability & Governance Practitioners' Guide, the generally accepted recommendation is that any authority with income and expenditure in excess of £200,000 should maintain a minimum of three months of net revenue expenditure - this recommendation may be relevant to the council's position and future forward planning.
11	Exempt Authority	Not applicable.
12	Website information	Parish and town councils with annual turnover in excess of £200,000 should as best practice comply with the Local Government Transparency Code 2015. In 2022/23 Kings Langley Parish Council passed this threshold. I recommend that the council takes note of this best practice. It is a requirement of the Freedom of Information Act that public bodies publish certain information on their website. I recommend that the council publishes its 'Guide to Information' on its website using the ICO template for parish councils, and including the council's schedule of fees and a link to the ICO Model Publication Scheme.
13	Public Rights	Please refer to the points raised in the external auditor report 2021/22.
14	AGAR Publication Requirements	Please refer to the points raised in the external auditor report 2021/22.
15	Basic IT controls	None.
16	Responsibility as a sole managing trustee	Not applicable.
	Ad hoc observation not part of the formal internal audit	I understand that the council's hot water is provided by means of a hot water cylinder heated by an immersion heater(s). The council may wish to consider a solar immersion diverter given the council's photovoltaic solar panel installaion so that excess power generated can be specifically and automatically directed to heat the hot water via the immersion element(s).

Annual Internal Audit Report 2022/23

KINGS LANGLEY PARISH COUNCIL

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS
kingslangley-pc.gov.uk

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")</i>			✓
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. Freedom of Information Act requirements		✓	
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 <i>(during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set)</i> . See final external auditor certificate 2021/22		✓	
N. The authority has complied with the publication requirements for 2021/22 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> . See final external auditor certificate 2021/22		✓	
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

05/06/2023 06/06/2023 DD/MM/YYYY

ENTER NAME OF INTERNAL AUDITOR
ETAERIO LTD

Signature of person who carried out the internal audit  PHILIP RHODEN, DIRECTOR

Date 12/06/2023

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).