

Town & Parish Council Audit Services
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INTERNAL AUDIT REPORT

ESSINGTON PARISH COUNCIL

FINANCIAL YEAR 2024/25

Background and general summary

Town & Parish Council Audit Services has been appointed by Essington Parish Council to provide an independent internal audit for the financial year ending 31st March 2025.

The Audit is provided on the basis of information provided by the Clerk and RFO, along with a review of the supporting records, together with audit of information available on the Council website which I have verified using web information.

1. The Parish Council was made up of fourteen Councillors representing residents within the parish, with vacancies at the time of audit,
2. Members Interests Forms had been completed by all Councillors for which paper copies were held, however these were not displayed on the Council website in accordance with legislative requirements.
3. Full Council Meetings were held monthly with meeting dates for all meetings published on the website.
4. The Parish Council have a Management Committee, Pools Committee and Finance Committee with Agendas and Minutes displayed on the website and noticeboard. Accompanying financial information is also included on the website. The Agendas and Minutes need to be in an accessible format ie PDF for download and printing
5. The Council has no responsibility for Burials or Allotments
6. The Council has responsibility for Hall hire and uses Rialtas booking system with income recorded accordingly and reflected in the accounts. Other rental income also duly recorded.
7. No Councillors had attended any training during the year
8. Agendas are issued in a timely manner three clear days before the meeting, however Agendas need to be worded to 'summon' Councillors to meetings in accordance with statutory requirements. It was clear from the Agenda item what actions were required from each Agenda item ie for Councillors to receive for information, to discuss or to vote to resolve/make decisions. Minutes reference declaration of interests but would benefit from reminding Councillors of to declare both personal and prejudicial interests and their nature and also any dispensation requests, as well as a reminder to update their Register of Interest if required, Agendas signed by the Clerk and Minutes for all meetings provided to Councillors, displayed on the noticeboard and available on the Council website
9. All meetings were quorate according to attendance records in the minutes and therefore legal.
10. Apologies for absence were noted although reasons for absence were not recorded and not recorded as a consideration when accepting apologies. Minutes should clearly record apologies along with the reason going forwards to avoid the operation of the six month rule (see CAB page 47).

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11. The Chair and Vice Chair sign and complete their Declaration of Acceptance of Office which had duly recorded and Councillors have each signed a Declaration of Acceptance of Office.
12. Minutes did not record the suspension and restoring of Standing Orders during public participation
13. Agendas and Minutes should not reference 'Matters Arising' as it should be clear as to the item of the Agenda and what is expected of Councillors ie to note, action, approve etc...
14. The Council had not signed up to the Civility and Respect pledge.
15. The Council was a member of their Association for Local Councils as well as NALC
16. The Parish Council owns a copy of the Local Council Administration
17. The Council met its statutory requirements in accordance with GDPR and has implemented GDPR policies in its Privacy Policy, Data Subject Access Request Policy.
18. The Council has not registered with the Information Commissioner as required by legislation and should do so.
19. The Council has not implemented a Freedom of Information Policy based on the ICO Publication Scheme and is required to do so.
20. The Clerk has a .gov email address and Councillors have separate email addresses. A reminder that Councillors should be using separate mail addresses for Council business only and that the Clerk should have access and ensure that all data is erased from the email in the event of a Councillor leaving.
21. Electronic data was backed up using Microshade Business Services manage backups, Microsoft 365 & Citrix .
22. There was provision for the storage of physical records which was safe and secure. Records were kept in line with Retention Policy.
23. The website provides access to Council documents which includes Financial Regulations, Standing Orders, as well as Whistle Blowing, Training, Sickness and Absence Policy, Risk Management, Openness and Transparency and Privacy, Members and Officers Subsistence and mileage, Environment Policy, Lone Working Policy, Health and Safety, Grievance Policy, Equal Opportunities Policy, Anti-Fraud and Corruption Policy, Disciplinary Policy, Dignity at Work Policy, Complaints, Community Engagement and Anti-bullying Policy.
24. The Council has a Publication Scheme which was adopted by the Parish Council on 24th March and is displayed on the noticeboard and website.
25. Internal and External Audit reports were received by the Council, minuted and duly displayed on noticeboard and website. AGAR as approved by the Council was published on the website. The Council reviewed the effectiveness of the Internal Audit.
26. The Council complied with the Transparency Act. In publishing AGAR good practice had been demonstrating highlighting on the website the incompatibility of the requirements of the Audit Regulations (wet signature) and Accessibility Regulations

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RECOMMENDATIONS

- Minutes should clearly record apologies along with the reason going forwards to avoid the operation of the six month rule (see CAB page 47).
- Agendas and Minutes should not use 'Matters Arising' as the purpose of Agenda items needs to be clearly identified ie for Council to note, approve, decide, discuss etc along with the purpose of the Agenda item.
- Councillors should be summoned through the Agenda invitation in accordance with legislation.
- Ensure sequential numbering of minutes and sequential numbering of pages of minutes prior to perfect binding of minute book.
- Minutes to record suspension and restoration of Standing Orders for public participation and in accordance with Standing Orders
- The Council should register with the Information Commissioner
- Council needs to adopt a Freedom of Information Policy based on the ICO Publication Scheme and is required to do so.
- Councillors interest forms need to be displayed on website
- Agendas and Minutes on website should be in accessible format ie PDF to download and print.

Budgetary Controls and administration

OBJECTIVE : To ensure that a budget has been accurately prepared by the Council and adopted in the process of setting the Precept

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Minutes were reviewed to ensure reference to the budgets prepared
- Evidence was sought within the minutes to show benchmarking of budgets against actual income and expenditure
- Current income and expenditure has been discussed by the Council in relation to the following years budget and preparation of year end profit and loss account
- Consideration of previous Internal and External audit and any recommendations

AUDIT SUMMARY

1. There were no outstanding matters from the External Auditor's Report and Certificate 2023/24 to be addressed
2. The Internal Section of the AGAR had been published on the website for the previous year
3. The Parish Council recorded in its minutes receipt of the External Audit report and the AGAR had been published on the website.
4. Electors rights – notice for the period for the exercise for the public rights were published with the dates minutes as 28th June to 6th August which included the first 10 working days in July in accordance with statutory requirements
5. The Council meetings are held in accordance with SO and advertised meetings.
6. Income and expenditure reports as well as reconciliations being presented at each meeting and approved by Council. These should form part of the minutes and in doing so be signed by the Chair when minutes are approved as a correct record.
7. Accounts when presented to Council identify the actual income/expenditure in previous year followed by actual year to date. The third column states current annual which may provide better clarity if stated as 'agreed budget' – minutes should record that income/expenditure has been monitored against agreed budget along with narrative for any significant under/over spends, or state that accounts are in line with agreed budget for the year. In line with JPAG/Audit requirements this then clearly identifies the Council is monitoring and it is recorded in the narrative of the minutes.
8. The Clerk does not hold CiLCA qualification.
9. The Council has not adopted the General Power of Competence.
10. The Parish Council had formally adopted an Internal Financial Controls Policy
11. All accounts for payment are reported to the Council for approval and also published on the website as a separate document, however they are not included in the actual body of the minutes which would be recommended for transparency purposes
12. The Council has four authorised signatories which includes the RFO, but only applies the two signature rule to any cheque payments. Most payments are BACS and I am informed that the banking facility does not allow for second person to authorise and that Council does not want a second person to authorize BACS payments. My recommendation would be to source a banking

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facility that is able to accommodate the two Councillor signature rule and that should Council not implement they clearly address within their risk assessment and it is identified to their insurance company due to the two Councillor signature rule being an effective mitigation to avoid fraud, which they are deciding against adopting. For electronic banking there is no written electronic banking procedure – this need only be short but should be documented and incorporated into financial regulations.

13. The Council does not have a debit card.
14. Petty cash was held at the start of the audit period, with the Council resolving in June 2024 to no longer hold petty cash and sums to be paid into bank. No petty cash currently held.
15. Minutes reflect budget and precept setting process which is undertaken in a timely manner with the Precept and budget being set in January.
16. Receipt of Precept is evidenced in accounts and correlates to Precept request this being £146,041.
17. Income for the year was recorded as £325,660 and expenditure as £399,590 with both a current account and a deposit account being held by the Council.
18. End of Year accounts are approved by the Council with the Chair signing and this being recorded in the minutes.
19. Accounts reflect all income received which in addition to Precept includes s106 and Interest. Rent is also received from the Medical Centre, Kelly Tots, Hawthorne Chemist, 1911 café, Esthers Wardrobe, Walsall FC, Wyrley Juniors, Teddy Bears Nursery, Essington Rugby and Essington Community Centre, with all payments being monitored, recorded and reported to Council in a timely manner.
20. The Parish Council held reserves and had implemented recommendations from previous years audit to set General Reserves at £45,000. In line with JPAG recommendations a published Reserves Policy had been adopted.
21. Section 137 is utilised by the Council and set at £45,618 based on an electorate of 4220.
22. No Councillor allowances are paid, however this would have needed to be advertised to the public accordingly as zero – there was no reference in the minutes regarding the advertisement of Councillor allowances.

RECOMMENDATIONS

- Include authorised payments in body of the minutes or Appendix for transparency purposes so it is clear what has been authorised.
- The 'two Councillor signature rule' should be applied for bank transfer payments providing an effective management of risk, and a banking facility that can accommodate this should be sourced if the current bank are not able to. Should the Council decide not to implement the rationale for this should be reflected in the minutes as well as the risk assessment, and relevant information provided to the insurance company to ensure it does not impact insurance cover.
- Electronic banking procedure to be written and incorporated into financial regulations.
- Financial information approved at Council meetings should form part of the body of the minutes and be signed within the minutes when approved as a correct record at the following meeting.
- To ensure Councillor allowance figures are publicly advertised and recorded in the minutes accordingly.

Risk Assessment

OBJECTIVE : To ensure risks are identified and managed effectively

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Review of Council Risk Assessment and areas covered
- Audit of payments linked to Council minutes
- Testing of income and expenditure processes
- VAT recovery procedures

AUDIT SUMMARY

1. The Council had the appropriate combined commercial insurance cover in place which was reviewed annually – reviewed August 2023 and September 2024 for subsequent years. There was a long term agreement (30th September 2024) in place and the Parish Council reviewed its insurance annually. In terms of insurance cover this included £250,000 Fidelity Guarantee, £12,000,000 Public Liability cover and £10,000,000 Employer' Liability cover. The Annual review included all insurance arrangements including Employer and Employee liabilities, Fidelity, Public Liability, Assets and Equipment.
2. The Council had a Statement of Internal Control as part of its risk management and inspections of property and equipment by staff or Councillors are undertaken.
3. Risk Assessment and Management document was reviewed annually which clearly identifies risk
4. Payments were made in accordance with Standing Orders and Financial Regulations with quotations obtained where necessary. Where quotations were considered and accepted, for accuracy and transparency purposes the minutes should duly record the agreed sum and contractor, and confirmation where appropriate that a written contract or confirmation would be issued by the Council.
5. VAT records were maintained and VAT claimed in a timely manner on a quarterly basis, with VAT payments identified also on the website and in the Parish Council accounts. RFO has attended VAT training.

RECOMMENDATIONS

- Where quotations were considered and accepted, for accuracy and transparency purposes the minutes should duly record the agreed sum and contractor, and confirmation where appropriate that a written contract or confirmation would be issued by the Council.

Assets

OBJECTIVE : To ensure a complete and accurate register is kept detailing all the assets owned by the Parish Council

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Confirmation of Council Asset Register
- Ensure assets have adequate description to enable them to be identified
- Ensure assets have cost value and there is process in place for inspecting and re-evaluating costs

AUDIT SUMMARY

1. The Council held an up to date Asset Register – last register to end of previous financial year is displayed on website and being a summary only – recommend that full Asset Register is uploaded for purposes of transparency. The Register refers to areas of responsibility in land/property owned by the Council but does not individualise items eg IT equipment – new laptop. Register should also clearly identify basis of valuation eg replacement costs for insurance purposes and confirmation in minutes that a copy has been utilized for insurance purposes
2. The Asset Register was published on the Council website as a public document
3. The Asset Register was reviewed on an annual basis
4. Minutes did not make any reference to Parish Assets having been inspected for risk with physical checks, although work reflected through minutes indicate that assets are monitored. A clear minute recording physical asset check would be recommended
5. A process was in place for re-evaluating costs

RECOMMENDATIONS

- Review format of Asset Register to ensure all items are listed and basis for valuation, along with confirmation that register has been used when reviewing insurance cover
- Full Asset Register to be uploaded onto website for transparency purposes

Payroll/Staffing (incl Councillors)

OBJECTIVE : To ensure amounts paid as salary are correct and have been subject to PAYE/NIC deductions which have been calculated in accordance with PAYE regulations. To ensure that all deductions have been paid over to HMRC within time constraints. To ensure that pension deductions have been calculated at the correct rate and paid over to the required body in accordance with Pension Regulations.

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Review of procedures for salary payments
- Review of procedures for implementing tax codes and relevant deductions
- Review of pension deduction procedures and reporting to relevant pension scheme
- Review to ensure that payments are accurately authorised by the Council and recorded in minutes of meetings
- Ensure that any contractual changes are recorded

AUDIT SUMMARY

1. Parish Council staff all have a Contract of Employment. To comply with Council Insurance, references were sought prior to the RFO taking up employment – Clerk was already an employee in another capacity.
2. No staff appraisal had been conducted but this was due to be done in June 2025 and it is recommended this continues annually.
3. There was evidence of a staff training budget and staff attending training (training to form part of Appraisal process and budget setting). No Councillors had attended training and it is recommended that the Council review Councillor training needs (new or refresher) and implement accordingly.
4. The Parish Council was registered with HMRC as an employer and PAYE/NIC was processed using Realtime PAYE on a monthly basis with appropriate tax codes and deductions being made
5. The Clerk did not receive any Home Working weekly allowance
6. All salary and HMRC payments are considered at Parish Council meetings and duly authorised
7. Checking of accounts evidences the payment of salaries to individuals and statutory payments
8. Checking of accounts evidences the payment of Tax and NI to HMRC and due procedures being followed with regard to tax codes and deductions.
9. The Parish Council met legislative requirements in terms of registering with the Pension Regulator and offering a pension to the Clerk ; this being the Local Government Pension Scheme. I could find no record of a Discretions Policy adopted by the Council which is normally required by the Local Government Pension Scheme, or associated policies such as the Flexible Retirement Policy and would recommend review/adoption of these by the Council as required by the GLPS.
10. Internal Audit questionnaire indicated no Councillor allowances are paid. £157 was paid out as Chairman's allowance.

RECOMMENDATIONS

- Council to review Councillor training needs (new or refresher training) and implement accordingly
- Discretions Policy should be adopted by the Council which is normally required by the Local Government Pension Scheme, or associated policies such as the Flexible Retirement Policy and would recommend review/adoption of these by the Council as required by the GLPS.

Bank and cash income and expenses

OBJECTIVE : To ensure systems in place for the accurate recording of all income and expenditure is sufficient and free from material error or misstatement. To ensure that all expenditure has been authorised by the Council and minuted accordingly and that all income can be verified to the source

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Bank reconciliation has been checked for arithmetical accuracy. Brought forward balance agreed to previous year reconciliation
- Bank balances have been agreed to bank statements as at 31st March 2024 and receipts and payments totals agreed
- A sample of costs verified against meeting minutes, vouchers, authorized payment, paid in accordance of the instructions, VAT correctly recorded

AUDIT SUMMARY

1. The Parish Council operated a Receipts and Payments accounts system using Rialtas Business Solutions - Omega.
2. Bank reconciliations are presented and approved by the Council in accordance with procedures outlined in Financial Regulations and audit checks completed for arithmetical accuracy with no concerns. Please see reference in Audit Report to include financial details within minutes
3. There was no record within the minutes of bank statements being made available to all Councillors along with the bank reconciliation.
4. No petty cash was held after June 2024.
5. Records of payments should contained within the minutes of the meetings and approved for payment by the Parish Council, detailing payee, amount and purpose of payment.
6. There was no record within the minutes of the annual advertisement of Cllrs allowances and expenses on the noticeboard (whether these by zero or for a sum of money)

RECOMMENDATIONS

- A recommendation would have been made to ensure the publication of Cllrs allowances and expenses (either zero or value) on the Parish Council noticeboard and website.
- To ensure that Councillors are given copies of bank statements as part of risk reduction

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ESSINGTON PARISH COUNCIL INTERNAL AUDIT

In accordance with my Internal Audit report, controls and procedures have been audited in accordance with the Governance and Accountability for Local Councils Practitioners' Guide.

Recommendations for improvement have been identified within the content of my Internal Audit Report for Council consideration.

I confirm that I do not have any role within the Council and carried out my audit without bias and follow the Public Sector Internal; Audit Standards 2012 to enable the Council to comply with these Standards and Accounting regulations.

I can confirm that there are no areas of concern and no matters to raise. The Council has strong and robust governance procedures and is well guided by qualified and knowledgeable Clerk to the Council.



Louise Baudet

Town and Parish Council Audit Services

15th May 2025