

LITTLE OAKLEY PARISH COUNCIL
INTERNAL AUDIT REVIEW of
INTERNAL CONTROL OBJECTIVES
ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN (AGAR)
2023/2024

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

Area Assessed	Question	Findings	Recommendations	LOPC's comments
A.1	Check that the correct opening balances have been brought forward for the current bank account number 20350824.	No. The incorrect balance had been brought forward. Amount should have been £36,271.62 as per the prior year's closing balance.	The clerk to ensure that the correct opening balances are used.	
A.2	Check that the correct opening balances have been brought forward for the savings bank account number 20350837.	Yes. The correct balance had been brought forward.	No recommendations to make.	
A.2	Does the LOPC use appropriate accounting records.	Yes. LOPC uses an excel workbook to record and provide an analysis of the transactions for the current and savings bank account.	No recommendations to make.	
A.3	Do the LOPC accounting records provide an accurate record of the Council's income and expenditure.	The transactions for both the current and savings accounts were agreed to the bank statements. However, it was noted that the analyses of income and expenditure for the current account were not correct as the formula that provided the analysis had been corrupted.	The clerk to ensure that the analysis formula is working, and that income and expenditure amounts fall into the right column and row.	Clerk to look into completing advanced Excel training.

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

Area Assessed	Question	Findings	Recommendations	LOPC's comments
B.1	Is there evidence that all LOPC expenditure is approved for payment.	Yes. The Clerk prepares a LOPC payments list, which is presented at the council meetings for authorisation and approval. However, the council is approving expenditure for direct debit payments, which does not match the invoice from the supplier. E.g. A&J Lighting and SSE.	It is recommended that the payments list is updated for the changes in the direct debit amounts from suppliers. The invoices should be received by LOPC before the direct debit is taken from the bank account. If this is not the case the direct debit should be approved retrospectively with the correct amount.	Clerk to look into retrospectively approving the direct debit amounts where direct debits are taken before a Council meeting.
B.2	Are the payment amounts documented on the payment lists supported by suppliers' invoices or documentation.	In the main, invoices support the payments made by LOPC. However, there was no documentation to support payments to A Thomas or the clerk's salary. In addition, payments were approved and supported by invoices for Great Oaktree Land service and UK Power Networks, which have not been paid.	It is recommended that all approved payments are supported by an invoice or documentation. If a payment is subsequently cancelled the relevant payment list should be explained	The invoice for UK Power Network was disputed in minute 23/081 of the October Full Council meeting. The Chairman confirms invoices listed in 'Findings' will be documented going forward.
B.3	Does the LOPC properly account for VAT.	Yes. The clerk prepares a VAT worksheet, which details all input VAT to support the VAT reclaims.	No recommendations to make.	

Control Objective C – The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Area Assessed	Question	Findings	Recommendations	LOPC's comments
C.1	Is there a control framework that ensures that LOPC can assess and manage its risks?	Yes. The LOPC has a delegated Finance committee. The financial procedures have been documented. The full council meetings deal with governance.	No recommendations to make.	

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

Area Assessed	Question	Findings	Recommendations	LOPC's comments
D.1	Does the LOPC maintain an adequate budgetary process?	Yes. The clerk prepares a comprehensive budget plan for the year. The Finance committee agree the precept and budget, and it is recorded in the minutes of the Finance committee meetings. The LOPC does not receive income from rates.	No recommendations to make.	
D.2	Is there evidence that the budget is monitored throughout the year against actual income and expenditure.?	Yes. The budget forecast review is an agenda item of the Finance committee meetings and this is documented in the minutes.	No recommendations to make.	

D.3	Consider whether the LOPC reserves are appropriate.	The LOPC has reserves of £55,500. This represents reserves of approximately 2 years of precept. All the reserves are held as bank balances, both current and savings accounts.	No recommendations to make.	

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

Area Assessed	Question	Findings	Recommendations	LOPC's comments
E.1	Review the LOPC budget and determine the expected income to be received.	A review of the LOPC budget, showed it to be very comprehensive regarding budgeted expenditure. However, projected income was not included. The income of the LOPC was identified to be precept, S106 or grant income.	It is recommended that the budget also includes expected income.	The Chairman confirms this will be included in future budget meetings, but stresses that only the precept is a known factor.
E.2	Verify the income is properly recorded and banked promptly.	Income is paid directly into the LOPC's bank account	No recommendations to make.	
E.3	Check whether output VAT is correctly accounted for.	There is no output VAT on the LOPC income. It is precept, S106 or grant income.	No recommendations to make.	

Control Objective F – Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.

Area Assessed	Question	Findings	Recommendations	LOPC's comments
F.1	Review all petty cash payments and ensure they are supported by receipts.	LOPC does not make petty cash payments. Councillors submit expense claims, these are supported by receipts, and claims are paid by bank transfer.	No recommendations to make.	
F.2	Verify that all petty cash expenditure is approved.	Councillors expense claims are included on the LOPC's payments list and are authorised and approved at the council meetings.	No recommendations to make.	
F.3	Check whether input VAT is correctly accounted for.	A review of the expense claims showed the input VAT had been correctly accounted for.	No recommendations to make.	

Control Objective 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.

Area Assessed	Question	Findings	Recommendations	LOPC's comments
G.1	Review the salaries paid by LOPC and determine that they were paid in accordance with authority's approvals.	The clerk is the only person paid a salary. Allowances are not paid to members. The clerk's salary is included on the LOPC's payments list and is authorised and approved at the council meetings	No recommendations to make.	

G.2	Determine whether PAYE and NI requirements were properly applied.	The LOPC uses an outside agency for its payroll requirements, who apply the PAYE and NI requirements.	No recommendations to make.	

Control Objective H – Asset and investments registers were complete and accurate and properly maintained.

Area Assessed	Question	Findings	Recommendations	LOPC's comments
H.1	Review the asset and investments registers and determine that they are up to date and accurate.	The LOPC does not hold any investments and does produce an investments register. LOPC has assets and maintains an assets register. This is properly maintained on an excel workbook and was updated for the year-end.	No recommendations to make.	

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

Area Assessed	Question	Findings	Recommendations	LOPC's comments
I.1	Review the bank account reconciliations for timing and accuracy.	The cash book is reconciled to the bank statements each month. The reconciliation is notated on the bank statements.	No recommendations to make.	
Control Objective 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.				
Area Assessed	Question	Findings	Recommendations	LOPC's comments
J.1	Review the accounting statements prepared during the year.	The clerk prepares half-yearly accounting statements during the year. These are presented to the Finance committee and approved at the meeting.	No recommendations to make.	
Control Objective K – If the authority certified itself as exempt from a limited assurance review in 2022/23, if it met exemption criteria and correctly declared itself exempt.				
Area Assessed	Question	Findings	Recommendations	LOPC's comments
K.1	Review the LOPC's certification for 2022/23 and determine if the criteria have been met.	LOPC did not exempt itself from a limited assurance review in 2022/23.	Not applicable.	

Control Objective 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.

Area Assessed	Question	Findings	Recommendations	LOPC's comments
L.1	Does the LOPC publish the required information under the Government Guidance for Transparency Code for Smaller Authorities.	<p>The LOPC website was examined, and the following information was published.</p> <p>All items of expenditure above £100.</p> <p>End of year accounts in the form of the Annual Governance and Accountability Return.</p> <p>Annual Governance in the form of the Annual Governance and Accountability Return.</p> <p>Internal audit report in the form of the Annual Governance and Accountability Return.</p> <p>List of Councillors and their responsibilities.</p> <p>Details of assets.</p> <p>Minutes, agendas and papers of formal meetings.</p>	No recommendations to make.	

Control objective M – In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit regulations.

Area Assessed	Question	Findings	Recommendations	LOPC's comments
M.1	Review the LOPC website to identify if the authority complied with the accounts and audit regulations regarding the exercise of public rights.	A review of the LOPC website disclosed that this was included in the notice of conclusion of audit 2022/23. This was dated 13 September 2023.	It is a requirement that an authority publish a notice of the exercise of public rights, before 1 July 2023. If this has been published can the clerk, please advise.	The Clerk can confirm that the Notice of Conclusion of Audit 2023-24 has been published on the Parish Council's website. The Chairman can confirm it was published on 28 June 2023. Titles of said notices on the website have been changed to be clearer.

Control Objective N – The authority has completed with the publication requirements for 2022/23 AGAR.

Area Assessed	Question	Findings	Recommendations	LOPC's comments

N.1	Determine whether the LOPC have complied with the publication requirements.	A review of the website disclosed that the authority had published the complete copy of the 2022/23 AGAR and the notice conclusion of audit 2022/23. It is not clear whether these had been published in line with the requirements.	It is recommended that the dates of the publication requirements be followed. If they have can the clerk, please advise.	Dates will in future be included in the descriptions of each document upload. The AGAR's for the Parish Council are yet to be audited by PKF John, and will be uploaded to the website as soon as External Audit is complete. The Chairman confirms that all publication dates were followed.
Control Objective O – Trust funds (including charitable) – The council has met its responsibilities as a trustee.				
Area Assessed	Question	Findings	Recommendations	LOPC's comments
O.1	Determine whether the authority has met its responsibilities as a trustee.	The LOPC does not manage any trust funds as a trustee.	No applicable.	