

# HEELIS & LODGE

Local Council Services • Internal Audit

## **Interim Internal Audit Report for Stanway Parish Council – 2023/2024**

The following Internal Audit was carried out on the adequacy of systems of control in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2023. The following recommendations/comments have been made:

**Frequency of Meetings** Full Council: Bi-monthly in January, March, May, July, September & November, with an additional AGAR meeting in June 2023  
Planning: Fortnightly  
Corporate Governance: Monthly  
Community Assets: Bimonthly, alternating with Community Services  
Community Services: Bimonthly, alternating with Community Assets

**Review of committees** Review of the effectiveness of the committee structure & processes, including delegated powers

The Council have a committee structure in place. Committee Terms of Reference were approved at the annual meeting held on 25/5/2023 (Ref: 25). The committees have delegated powers to carry out the day to day operations. All day to day staff management decisions on personnel matters are delegated to the Parish Clerk (Staff Handbook – Ref: 2 pg 76).

All committees are required to conduct business in accordance with the following:

- Standing Orders
- Financial Regulations
- Code of Conduct
- ICO & GDPR Regulations

The following committees are in place and the following areas were examined for each committee:

### **Corporate Governance Committee**

1. Terms of Reference are reviewed at the start of each municipal year (Full Council 25/5/2023).
- 2.b Budget virements referred to full Council (NB General Reserve only). A virement of £5,000 for the Tollgate car park extension was approved at the Corporate Governance Committee meeting held on 14/6/2023 (Full Council 29/6/2023 to Community Assets Committee £18,000).

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To be presented at each committee meeting –

- Bank Reconciliation statements  
(12/4/2023, 10/5/2023, 14/6/2023, 12/7/2023, 9/8/2023 13/9/2023)
- Budget monitoring  
(12/4/2023, 10/5/2023, 14/6/2023, 12/7/2023, 9/8/2023, 13/9/2023)
- Income & Expenditure Cost Centre Reports  
(12/4/2023, 10/5/2023, 14/6/2023, 12/7/2023, 9/8/2023, 13/9/2023)

2.c Authorise expenditure, payments and virements within the level of authority laid down in Financial Regulations (see below):

FR 6.9. During the financial year a Committee, having considered fully the implications for public services, may transfer unspent and available amounts to another cost code within the same cost centre, provided such virement is reported to the CGC and the next Council meeting.

**Recommendation:** That the additional words ‘... From General Reserves’ be added to Terms of Reference 2.b to differentiate between budget virements between cost codes and budget virements from General Reserves, the latter requiring a full Council resolution.

2.d Recommend the budget and precept each year for approval by full Council. Confirmed.

2.f Review the following:

- Standing Orders (Full Council 25/5/2023)
- Financial Regulations (Full Council 25/5/2023, 9/8/2023, Full Council 28/9/2023)
- Investment Policy (12/4/2023)
- Terms & Conditions of Borrowing
- System of Internal Audit (12/7/2023, full Council 27/7/2023)
- Asset Register (Full Council – 25/5/2023)
- Risk Management (10/5/2023, Full Council 25/5/2023)
- Insurance (14/6/2023)
- Freedom of Information Act Publication Scheme (10/5/2023, Full Council 25/5/2023)
- GDPR (10/5/2023, Full Council 25/5/2023)
- Any other policies on a regular basis (Microgrant policy 12/7/2023, Full Council 27/7/2023)

2.k Procure and manage the Council website and social media (12/4/2023).

2.l Manage the procurement of new acquisitions as delegated by full Council, including legal and financial contracts, passing over to Community Assets or Community Services Committee to manage after set up/opening.

FR 8.16. On a regular basis, at least once in each quarter, and at each financial year end, a Member other than the Chair of the Council will verify the bank reconciliations for each account.

A full verification of the bank reconciliation was undertaken by a councillor at a meeting held on 14/6/2023 (Ref: 7.ii), 12/7/2023 (Ref: 6.ii), 13/9/2023 (Ref: 6.ii).

### **Staffing Committee**

The committee considers 'all staffing matters' and has financial authority to incur expenditure as laid down in the Council's Financial Regulations as follows:

FR 15.1. Salaries, other emoluments and terms of conditions of employment are matters reserved for the Staffing Committee.

Delegated powers include:

- Pay (22/6/2023)
- Conditions of service (22/6/2023)
- Appraisals
- Business continuity management and other policies, including health & safety
- Grievance & Disciplinary

The following virements were agreed (22/6/2023, Full Council 29/6/2023):

£ 5000 Staffing Reserve  
£ 2000 General Reserves  
£ 1000 General Reserves

### **Community Assets Committee**

The purpose of the committee is to manage all existing community assets within the responsibility of, or devolved (now and in the future), to the Parish Council, including:

- Comb Meadow Burial Ground
- Community Buildings and grounds
- Recreational Areas and Open Spaces
- Street Lighting
- Street Furniture

*The committee has responsibility for the management of term contracts, one-off projects and services relating to assets. Delegated expenditure authority is contained in Financial Regulations as follows:*

18.6. Expenditure will be authorised up to the budget for that cost code, subject to the authority thresholds in the following table.

Expenditure Required authority

£10,000 or more Resolution of the Council.

£2,500 to £9,999 Resolution of a duly delegate Committee.

£500 to £2,499 Written authorisation from the Clerk in consultation with the Chair of the Council or the Chair of a duly delegated Committee.

Up to £499 The Clerk in the necessary discharge or their duties.

Up to £250 Any Officer or employee in the necessary discharge of their duties.

4.b Preparation of a financial report to all Community Assets Committee meetings (19/4/2023, 21/6/2023, 20/9/2023).

### **Planning Committee**

The purpose of the committee is to:

- Deal with and respond to planning applications
- Respond to correspondence relating to the Planning Committee
- Respond to consultations with regard to Planning Matters

### **Community Services Committee**

The purpose of the committee is to manage all committee services within the responsibility of, or devolved (now and in the future) to, the Council.

- Street cleaning and waste/recycling collection
- Local event management
- Public safety
- Community relationships and leadership

4.a Delegated financial authority in line with Financial Regulations.

£2,500 to £9,999 Resolution of a duly delegate Committee (FR 18.6)

4.b Preparation of a financial report to all Community Service Committee meetings (19/4/2023, 13/6/2023, 11/7/2023, 12/9/2023).

### **Summary**

In general, the committee structure works well and the split of responsibilities enables focus to be placed on the committee purpose. Committees carry out their functions and adhere to the governing documents and legislation, however, items that require full Council approval may be delayed due to the meeting schedule.

The Terms of Reference outline the expectations of each committee, however, they would benefit from some clarity in delegated powers (ie power to work with autonomy) and those that are recommendations for full Council resolution, outside of financial delegation which is supported by clear and direct Financial Regulations. The addition of frequency of meetings would be beneficial in committee Terms of Reference.

Additional delegated powers to the Corporate Governance Committee would alleviate duplication where full Council approval is required for recommendations. The addition of sections of Financial Regulations to Terms of Reference, particularly around virements would ensure that the Terms of Reference are clear and contain all the relevant information for committees to operate.

## **Additional Examinations undertaken as part of the Interim Internal Audit**

**Financial regulations** Standing Orders and Financial Regulations  
Tenders  
Appropriate payment controls including acting within the legal framework with reference to council minutes  
Identifying VAT payments and reclamation  
Cheque books, paying in books and other relevant documents

Standing Orders in place: Yes  
Reviewed: 25/5/2023 (Ref: 23.iii)  
Financial Regulations in place: Yes  
Reviewed: 25/5/2023 (Ref: 23.ii & iv) and 28/9/2023 (Ref: 16)

General Power of Competence: Yes Adopted: 25/5/2023

Code of Conduct: Yes Adopted: 25/5/2023

There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

FR 8.2. Banking arrangements, including bank mandates: a) may not be delegated to a Committee; and b) will be reviewed regularly for financial security and efficiency.

Bank signatories were reviewed at a full Council meeting held on 25/5/2023 (Ref: 21).

<https://www.stanwaypc.org.uk/agendas-and-minutes>

This page is out of date and refers to remote meetings during covid.

## Transparency

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

Smaller Council: No

Website: <https://www.stanwaypc.org.uk/>

The Council is not subject to the requirements of the Transparency Code for smaller Councils. The Transparency Code for Councils with a turnover exceeding £200,000 is not covered as part of the Internal Audit.

Under **The Accounts & Audit Regulations 2015 15** councils must publish on their website:

External audit report

2023 Annual Return, Section One Published – Yes

2023 Annual Return, Section Two Published – Yes

2023 Annual Return, Section Three Published – Yes

Under **The Accounts & Audit Regulations** councils must publish on their website:

Notice of period for the exercise of public rights

Published – No

Period of Exercise of Public Rights

Start Date n/k

End Date n/k

**Recommendation:** To retain the Notice of Exercise of Public Rights on the website until completion of the following year's External Audit. The 2022-2023 Notice should be reinstated on the website as soon as possible.

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGARs for the five years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 on their website.

*The Council have met the publication requirements.*

## Sole Trustee

The Council has met its responsibilities as a trustee

*The Council is not a sole trustee.*

## Internal Audit Procedures

*The 2023 Internal Audit report was considered by the Council at a meeting held on 29/6/2023 (Ref: 12).*

*A review of the effectiveness of the Internal Audit was carried out in June 2023 by an independent person. The report is comprehensive and identified weaknesses, mainly in the delay in addressing the matters raised in the Internal and External Audit reports.*

*Heelis & Lodge were appointed as Internal Auditor at a meeting held on 12/7/2023 (Ref: 10) and full Council 27/7/2023 (Ref: 17).*

## **External Audit**

*The Council formally approved the 2023 AGAR at a meeting of the full Council held on 29/6/2023 (Ref: 13 & 14).*

*The External Auditor's report was considered at a meeting held on*

*The following matters were brought to the attention of the Council:*

The AGAR was not accurately completed before submission for review:

- The smaller authority has not restated the 2021/22 figure when revaluing assets in Section 2, Box 9. Please note that the Practitioners' Guide allows smaller authorities to use any reasonable valuation method, provided that the prior year figure is restated for consistency and comparability.

The smaller authority has not provided year end bank statements for two of the bank accounts to support the bank reconciliation to Section 2, Box 8. These were requested as part of our intermediate review procedures.

## **Additional Comments/Recommendations**

- The Annual Parish Council meeting was held on 25/5/2023. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Finance Officer for his assistance during the course of the audit work



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23 October 2023

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