**Summary**

I have completed the Internal Audit of Croston Parish Council for the year ended 31 March 2024.

Noted that a new Chairman and Vice Chairman were elected and appointed on 10 May 2023 and that relevant delivery of acceptance of office were received.

A new Clerk/Responsible Financial Officer was appointed with effect from 13 September 2023. Noted that there was a degree of dual running with the previous Clerk/Responsible Financial Officer to enable the smooth running of the Council and to continue with the processing of invoices, monitoring statements, bank account management, etc as well as transitioning the Council records to the new Clerk.

The internal audit scope focused on the effectiveness of its risk management controls, governance and processes, ensuring they were adequate and fit for purpose.

The Internal Auditor was appointed for the Internal Audit 2023/24 at the Council meeting held on 14 February 2024.

Part of the audit was spent conducting selective assessments of compliance with relevant procedures and controls which included sample checks which followed transaction types (income receipts, expenditure, and payroll) from original entry of transaction through to final accounts. The sample size included 5 items of income and 13 items of expenditure.

The following specific areas were also reviewed as part of the Audit and observations provided below:

1. Accounting Records
2. Standing Orders and Financial Regulations, expenditure, approvals, and VAT accounting
3. Risk Management Controls
4. Budgetary Controls / Annual Precept
5. Income Controls
6. Petty Cash Procedures
7. Payroll Controls
8. Asset Controls
9. Bank Account Reconciliations
10. Monitoring (Accounting) Statements
11. Limited Assurance Review
12. Transparency of published information on a website
13. Exercise of Public Rights
14. Publication requirements for AGAR
15. Trust Funds
16. **Accounting Records**
    1. The prime entries are fully recorded and flow through to summaries from which periodic monitoring statements are compiled through to financial year end.
    2. The supporting documentation and accounting records are well maintained and provide a clear audit trail from underlying transaction records through to the Annual Return.
    3. The Council records VAT accurately within its book-keeping and is able to recover VAT, evidenced by a VAT re-claim in April 2023 of £4,134.94.
17. **Standing Orders and Financial Regulations**
    1. It is noted that model Standing Orders and Financial Regulations were last reviewed and adopted by Council on 13 March 2019. It is noted that in the Council minutes of 18 October 2023, the Clerk reinforced the importance of Standing Orders and Financial Regulations.

***Internal Audit Recommendation is made to conduct a review of the Standing Orders and Financial Regulations and have refreshed versions adopted by Council.***

2.2 It is noted that Council complied with its Financial Regulations and payments were supported by invoices and all expenditure was approved and VAT appropriately accounted for.

2.3 It is noted that the appointed Responsible Financial Officer is the current Clerk.

1. **Risk Management Controls**

3.1 Minutes are prepared for all meetings of the Council and subsequently approved and signed by Council. No unusual financial activity was found in the minutes reviewed.

3.2 Full Council, at their meeting held on 15 May 2024, completed an annual review of the risk assessment in accordance with Governance and Accountability for Smaller Authorities in England.

3.3 The Clerk reviews the insurance policy annually, ensuring adequate type of insurance, values and assets are all adequately covered for the size of the Council. The insurance renewal is presented to Council annually for their consideration, with relevant recommendation for their approval/adoption. The annual insurance premium was presented and approved by Council on 18 October 2023.

1. **Budgetary Controls/Annual Precept**

4.1 A detailed draft budget is prepared annually by the Clerk for Council consideration in support of the precept proposal. This was reviewed at the Full Council meeting on 10 January 2024 where total expenditure budget for 2024/25 was set at £51,544.

4.2 Full Council at their meeting held on 10 January 2024 reviewed and resolved the Parish Precept for 2024/25 be set at £34,728, noting this was an increase in Band D by £8.51. The increase is to allow the Council to build up financial resilience (contingency fund) and to use funds to conduct repairs and maintenance of Council assets.

4.3 The budget was prepared to a documented timetable and is regularly monitored and reported against at each Council meeting.

4.4 Unexplained variances (where applicable) from the budget are recorded in the Annual Return.

1. **Income & Expenditure Controls**

5.1 Income is properly received, recorded, and documented. Total annual gross income for the Council for 2023/24 is £44,152.

5.2 The precept value received for 2023/24 was £27,250 which represented £25,810 precept and £1,440 which relates to Chorley Borough Council top up grant and is recorded in grants income.

5.3 Expenditure is supported by invoices, authorised/verified by Council and minuted accordingly. Total annual gross expenditure for the Council for 2023/24 is £39,294.

5.4 Where urgent payments are required to be actioned, these are approved by the Chairman and Clerk and by email where appropriate and are retrospectively resolved at the following Council meeting and minuted accordingly.

5.5 VAT on payments has been identified, recorded and evidence is shown that a process is in place to reclaim.

5.6 It is noted that a Donation and Grant policy document was approved by Council in March 2024 and is to be reviewed in Spring 2025.

1. **Petty Cash Procedures**
   1. The Council does not operate any form of petty cash process and therefore cash procedures were not reviewed.
2. **Payroll Controls / HR Procedures**

7.1 The Clerk and other employee are remunerated through salary payments and applicable PAYE/NI is applied. The Council makes appropriate PAYE/NI payments as an Employer.

7.2 The Clerk and other employee’s monthly salary payment is included on the payment list presented to Council for approval at each Council meeting.

7.3 Other reasonable expenses (postage, mileage, photocopying, stationery, communication costs) are reimbursed back to the Clerk, with the appropriate approval of Council.

7.4 Noted that Council approved a contract of employment for the Clerk on 8 November 2023. The other employee of the Council was issued a contract of employment commencing 13 March 2024 with continuous employment from original employment date of 14 July 1988.

7.5 A number of HR related policies and procedures were approved by Council on 10 April 2024 including DSE Assessment, Absence & Sickness Policy, Disciplinary Policy, Grievance Policy, Equality/Diversity & Inclusion Policy, Performance Improvement Policy, and a Homeworking Policy.

1. **Asset Controls**

8.1 The Council maintains an Asset Register which lists all assets owned by the Council, including assets purchased and disposed of throughout the financial year to 31 March 2024. A Corresponding asset value is assigned to each asset and an estimate is noted if the asset is historic. The asset register and accounts identify £93,058 of fixed and long-term assets. The Asset Register was last reviewed by Council on 10 May 2023.

1. **Bank Account Reconciliations**

9.1 Financial submissions to Council include periodic Bank Reconciliations for bank accounts held by the Council. Bank accounts are reconciled, and balancing entries of expenditure is supported by invoices, authorised by Council and minuted accordingly.

9.2 Bank balances at the start of the year (1 April 2023) were £12,872 and the bank balance at the close of the year (31 March 2024) was £17,730.

9.3 Evidence is provided to demonstrate that the Bank Reconciliations are reviewed periodically against the Bank Statements and signed off by Council.

9.4 It is noted that the NS&I Account was closed on 25 March 2024 and the balance of £3011.15 was transferred to the Council’s new Unity Trust bank account. Evidence can be seen in the Council minutes that these changes were approved and ratified by Council together with new signatures on the bank account.

1. **Monitoring (Accounting) Statements** 
   1. Financial submissions to Council include periodic Monitoring Statements, which together with the Bank Reconciliation, effectively gives Council an accurate and ongoing overview of the financial state of the Parish Council.
   2. The Monitoring Statement accurately reflects the income received, expenditure approved and expensed, balances brought forward and cross references against the cash balances in the Bank Accounts.
   3. Evidence is provided to demonstrate that the Monitoring Statements are reviewed and signed off by Council.
2. **Limited Assurance Review – Certificate of Exemption**
   1. The Council did not certify itself as exempt from a limited assurance review.
3. **Transparency of published information on a website**

12.1 The Council publishes information on its website ([www.crostonpc.org](http://www.crostonpc.org)) which is up to date at the time of the internal audit and in accordance with relevant transparency code requirements.

1. **Exercise of Public Rights**

* 1. The Council correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (as evidenced by the notice published on the website and approved minutes confirming the dates set).

1. **Publication requirements for AGAR**

14.1 The Council has complied with the publication requirements for 2022/23 AGAR which was approved by Council on 7 June 2023.

1. **Trust Funds**

* 1. The Council is the sole Trustee for Charity Registered No. 518485 (Croston Village Green). An Annual Return for the year ended 31 March 2023 has been submitted to the Charity Commission for England and Wales and all reporting is up to date and on time.

**Conclusion**

It is my considered view that overall, the accounts, other supporting records and documentation, processes and internal controls of the Council are maintained to a high level, are adequate and fit for purpose.

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**Signed: ………………………………………………….**

**Amanda Partington**

**30 May 2024**