



**STOKE ORCHARD PARISH/TOWN COUNCIL**  
**Internal auditor's report for the year ended 31 March 2023**  
**Name of Auditor:**

**GAPTC internal audits comply with the proper practices outlined in the Governance & Accountability for Smaller Authorities – A Practitioners' Guide and the Accounts and Audit Regulations 2015.**

**The GAPTC internal audit reviews and reports on whether the systems of financial and other internal controls over its activities and operating procedures are effective. The audit tests a variety of documents, including agendas and minutes, policies, insurance and risk management processes, to ensure Council meets the requirements set out in the Annual Internal Audit Report in the Annual Governance & Accountability Return. The internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.**

**Our auditors are independent of the Council and are competent to be able to carry out the requirements of the internal audit service.**

**NOTE The auditor will complete the Annual Internal Audit Report (AIAR) page on the Annual Governance & Accountability Return (AGAR). The AIAR informs the Annual Governance Statement (AGS) assertions on the AGAR, so when council reviews the AGS, the responses must reflect the AIAR report.**

**1. Council working documents**

<b>Ref</b>	<b>Test</b>	<b>Meets reqmts? Yes, No or N/A</b>	<b>Internal Auditor's comments/recommendations</b>	<b>Evidence</b>
1.1	Have Standing Orders been a) tailored to council?	Y	Recommend that the most recent version is used and a note on the Standing orders of what version has been adopted	April 22 amendment to 18f not updated.

	b) reviewed using the most recent version? c) minuted?	N Y		Minute May 2022 -03.05.22-12a
			Annual Governance Statement Assertion 1	
1.2	Have Financial Regulations been a) tailored to council? b) reviewed using the most recent version? c) minuted? (Objective B)	Y Y Y		Minute May 2022 -03.05.22-12b
			Annual Governance Statement Assertion 1	
1.3	Does the council a) give grants? b) have a grant-awarding policy?	N N	In 2020/21 it was recommended that the council adopts a grant policy. This has not been carried out.	None viewed on payments schedule. Grant Policy approved April 23 04.04.23.12
1.4	Have items/ services been competitively purchased in accordance with Financial and/or Procurement Regulations?	N		Not all expenditure has been agreed by council
			Annual Governance Statement Assertion 2 & 3	
1.5	Code of conduct reviewed in the last 2/3 years?	Y		Adopted May 2022 03.05.22.-12d
			Annual Governance Statement Assertion 3	Adopted May 2023 to be reviewed biannually next review 2025

## 2. Finance

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
2.1	Has the General Power of Competence been adopted (e.g. a minute reference), if Council qualifies?	N/A	Annual Governance Statement Assertion 3	Not adopted.
2.2	S137 a) is there a separate account for payments? b) are totals within statutory limits? (for Council's that do not held General Power of Competence)	N  Y	2021/22 recommendation was for a separate Section 137 column on accounts. I can not see that this has been actioned in 2022/23 on the budget. Although no grant payments have been made.  Annual Governance Statement Assertion 1 & 3	Not on budget 742 electorate 6544.00 On Scribe No grants given
2.3	Is there an annual council authorisation of Direct Debit list and Standing Orders? (Objective B)	Y	In 2021/22 it was recommended that there is an annual review of DD and Standing Orders. However there does not appear to be any setup.	07.06.22 6 Minute confirms none

			Annual Governance Statement Assertion 1	
2.4	Was Petty Cash expenditure approved, if any? (Objective F)	N	Annual Governance Statement Assertion 1	Clerk confirmed
2.5	Is all expenditure supported by VAT invoices, if applicable? (Objective B)	Y	Annual Governance Statement Assertion 1	Viewed a selection of invoices
2.6	VAT – a) recorded in accounts b) reclaimed? (Objective B)	Y Y	Annual Governance Statement Assertion 1	List of payments shows VAT recorded separately.  Annually payment for 31 <sup>st</sup> March claimed June 23

### 3. Risk management

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
3.1	Insurance policy a) in place? b) cover reviewed to ensure still fit for purpose? (Objective C)	Y but Y	Recommend that the council as a whole reviews and agrees the insurance and not just one councillor as indicated in the 03.05.22.11b A further minute at a subsequent meeting is needed to include a recommendation from the councillor for council to review and agree.	03.05.22.11b To confirm arrangements for insurance cover in respect of all insured risks Council AGREED Councillor Macdonald would review the insurance whilst looking into the renewal and would ensure that it covers open

			Annual Governance Statement Assertion 5	space. No council minute for insurance. No decisions can be taken by one councillor.
3.2	Copy of Risk Management policy a) adopted? b) reviewed annually by Council? (Objective C)	N N	It was recommended in 2020/21 that the council adopts a Risk Assessment Policy and that it is reviewed annually. This appears to have been carried out in April 2023 meaning no improvements to Risk management in 2022/23.  <b>Council will be unable to confirm that it meets Annual Governance Statement 5</b>  Annual Governance Statement Assertion 5	No Risk assessment policy on website. 04.04.23.11  Adopted April 23 nothing in place for 2022/23
3.3	Asset register a) reviewed regularly? (Objective H) b) published on website? (Objective L)	Y Y	Recommend that the council review the Joint Panel on Accountability and Governance March 2022 (JPAG) J on what details are required in an Asset Register  Annual Governance Statement Assertion 5	May 2022 03.05.22 12 f  Nov 01/11/22/.15 A basic asset register not all the required details are shown.
3.4	Evidence that assets a) have been inspected for risk? b) reported in minutes? c) any actions undertaken? (Objective C)	N N N	In 2020/21 it was recommended that the councils' assets were inspected for safety and risk.  <b>Council will be unable to confirm that it meets Annual Governance Statement 5</b>	No minute to show that the Assets have been inspected for Risk. A risk management Plan adopted April 2022/23 04.04.23.11 but nothing in place for the whole of 2022/23  <b>Clerk advised assets inspected but I can still not find a minute to evidence this so the comment stands</b>

			Annual Governance Statement Assertion 5	
3.5	Evidence that internal controls a) take place? b) are documented? c) minuted? as per Council's Financial Regulations/Standing Orders (Objective B)	N N N	It was recommended in 2020/21 that internal controls should take place. Recommend that this is carried out and the documentation has the correct date, and the form is reviewed by council.  <b>Council will be unable to confirm that it meets Annual Governance Statement 2.</b>	The head of the form sent indicates that this was for 2019. Although last page signed 14/12/22. Viewed the February minutes which is the earliest meeting these minutes can be reviewed and no minute to evidence the review. Reviewed by Alan MacDonald and George Fairbairn. No council minute to evidence the internal controls are carried out
			Annual Governance Statement Assertion 2	
3.6	Bank reconciliations are on agenda to be considered by Council? (Objective I)	Y	Annual Governance Statement Assertion 1	Viewed May 22 and Sept agenda
3.7	Review of a) investments? b) bank mandates (signatories on bank accounts)? (Objective B/C)	Y Y	Recommend that the Clerk is not both a service administrator and an authoriser on the online banking system and that 2 councillors authorise the online banking payments  Annual Governance Statement Assertion 1	As part of bank reconciliation Bus £35269.36 Current £11011.58 £48,011.75 £94,291.00 03.05.22.10b Clerk is set up to authorise on the online banking system

3.8	If bank cards in use, are proper procedures in place? (Objective B)	Y	Annual Governance Statement Assertion 1	Pockett card
3.9	Are a) physical records secure? b) electronic records backed up?	Y Y	Annual Governance Statement Assertion 5	locked cabinet and passport protected computer. Office 365

#### 4. Budgetary controls

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
4.1	Was a budget properly for the year under review a) prepared? b) adopted? c) minuted? (Objective D)	Y Y	Recommend that the budget and the precept are agreed as separate minutes.  Annual Governance Statement Assertion 1	December 21 minute 07.12.21 12
4.2	a) Were the earmarked objectives of the reserves identified in the budget, if any?	N N	Recommend that the council reviews it reserves in line with recommendations in the Joint Panel on Accountability and Governance Practitioners Guide March 22 (JPAG) and also adopts a Reserves Policy	No reserve policy. No ear marked reserves Turnover £28,000 Payment £54,243.40 Receipts £82,401.58 £86,100.10 No minute to show confirmation of ear marked reserves. .

	b) Were the general reserves reasonable? (Objective D)		Annual Governance Statement Assertion 1	The council holding high reserves and no evidence that there are earmarked objectives in the minutes or showing on the accounts
4.3	Was the precept demand for the year under review properly minuted in full council?	Y	Recommend that the budget and the precept are separate minutes	December 21 minute 07.12.21 12
4.4	Did the council a) regularly compare budget vs spend (as detailed in the financial regulations) b) and evidenced in the minutes? (Objective D)	Y  Y	Recommend that the minute shows evidence of a review of actual spend against budget and not just the bank reconciliation is agreed.  Annual Governance Statement Assertion 1	The bank reconciliation includes budget monitoring.  The minute does not go into details. Minute 06.09.22.10b  Cannot fund details of a comparison of actual spend against budget.
4.5	Are any significant variances from budget reported?	N	See 4.4 Annual Governance Statement Assertion 2	

## 5. Payroll

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
5.1	Do all staff have a contract of employment?	Y	Annual Governance Statement Assertion 3	1 member of staff Current Clerk on mat leave. Clerk 814.84 £15.67 22 £8923. 12



			Recommend that the council minutes the details of the contract. The minute in Feb 23 does not confirm the hours or the pay agrees.	Jules employed 1 <sup>st</sup> April 2023 07.02.23.23.  Minute does not reflect the details of the contract.
5.2	Do salaries paid agree with those approved by Council? (Objective G)	Y	Recommend that the council reviews and minutes the pay scale paid to the Clerk as actual payment and agreed pay rate do not agree. This was also recommend in 2021/22  Annual Governance Statement Assertion 1	10 hours £9750.00 £25.00 LC 42 -45 1083.33 Viewed April 23 payslip Michele Hind Salary scale 23 No minute to show increase for Spine increase minute ? <b>Clerk advised minute 06.09.22.22 checked and happy to amend.</b>
5.3	Has Council a) registered as an employer with HMRC? b) have PAYE / NIC been properly dealt with (including year-end procedures)? (Objective G)	Y  Y		Payroll done by PATA    Viewed payments on the cash book
5.4	Are Councillor's allowances and expenses properly authorised & controlled, if any?	N	Recommend the council adopts an Expenses policy. All expenditure must comply with Financial regs and have an original resolution agreed by council ahead of payment.  Annual Governance Statement Assertion 1	Council expenses on cash book. No expenses policy.  Payment to Cllr Webber of £32.40 not authorised by council or authorised on payment list

5.5	Pension provision – eligible employees a) offered pension scheme? b) outcome minuted?	Yes  No	Repeat of the 2021/22 recommendation. No minute for the locum clerk of offer of pension scheme Recommend Council minute the pension scheme offered to members of staff, perhaps as part of the recruitment process or confirmation of terms and conditions of employment.  Annual Governance Statement Assertion 3	Nest pension is being paid  This was unknow in the 2021/22 audit .
5.6	Is Council a) registered with the Pension Regulator for auto-enrolment pensions? b) Has auto-enrolment registration with Pension Regulator been reviewed (required every 3 years)	Y  Due 2022/23	Locum Clerk not able to find the evidence. I repeat the 2021/22 recommendation below.  Every 3 years SOTPC (as employer) has to make a compliance declaration to the Pensions Regulator, regardless of staff not taking up a workplace pension. Recommend Council reviews its obligations by visiting the website <a href="https://www.thepensionsregulator.gov.uk/en/employers/new-employers">https://www.thepensionsregulator.gov.uk/en/employers/new-employers</a> .  Recommend that there is a minute of council noting the pension arrangements as per the Clerks report	Nest scheme temp clerk opted not to be in scheme.  No minute to evidence that this was carried out in 2022/23.  Clerk advised this was in her report 07.06.2022 a. Checked minutes and cannot find any evidence that the council has noted the obligations as per the clerks report, so comments remain as per the advice form 2021/22..

			Annual Governance Statement Assertion 3	
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## 6. Year-end procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
6.1	Are debtors and creditors recorded properly on separate balance sheet if using Income & Expenditure reporting? (Objective J)	N/A	Annual Governance Statement Assertion 1	
6.2	Does Council as a whole consider the year-end accounts in addition to 6.5? (Objective J)	Y	Annual Governance Statement Assertion 1	June minute 07.06.22 10c
6.3	Minute confirming that council is eligible for Certificate of Exemption (only for councils with a	N/A		

	turnover of less than £25,000) (Objective K)		Annual Governance Statement Assertion 1	
6.4	Annual Governance Statement, section 1 of Annual Return, approved by whole council (with separate minute number from Section 2 below)?	Y	Annual Governance Statement Assertion 3	June minute 07.06.22.10e
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council (with separate minute number from Section 1 above)?	Y	Annual Governance Statement Assertion 3	June minute 06.06.22 10f
6.6	Are all sections of the Annual Governance & Accountability Return published on the website? (Objective L/N)	N	Recommend that the External Audit report is on the website.  Annual Governance Statement Assertion 3	External audit report not on website
6.7	Did council correctly provide for the exercise of public rights? (Objective M)	Y	Recommend that the dates for the period of exercise of public rights in 2021 are also reported to council and minuted.  Annual Governance Statement Assertion 4	Agreed by council June minutes 07.06.22 10
6.8	Previous internal audit report	Y but		Minute June 07.06.22-10d

	reviewed by council and action taken where recommended?		Recommendations from 2021/22 have not been implemented. Recommend that all recommendations are reviewed, and council takes a decision on them.  Annual Governance Statement Assertion 7	Some recommendations have been actioned in April 23. This means that for the whole of 2022/23 no improvements made in line with recommendations.
6.9	Previous external audit report (for councils with turnover over £25,000) reviewed by council and action taken where recommended?	N	Recommend that the council reviews the external audit report and displays it on the website.  Annual Governance Statement Assertion 7	External Audit report not on the website only the conclusion of audit.  External audit not reviewed by council.

## 7. Other matters

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
7.1	Policies in place for compliance with GDPR, such as Data Protection Policy for Staff & Councillors and for the public?	Y	Annual Governance Statement Assertion 3	Adopted August 21 reviewed May 2023
7.2	Is the Council a Managing Trustee?	N	Annual Governance Statement Assertion 9	

7.3	Do trustees meet at least once a year and publish separate accounts? (Objective O)	N/A	Annual Governance Statement Assertion 9	
7.4	Website Accessibility Statement on website home page?	Y	Recommend the statement is moved to the home page. This was also recommend in 2021/22 Annual Governance Statement Assertion 3	Checked website 06/06/23 its on the Councillors page so not easily accessible
7.5	Did council formally appoint GAPTC as the Internal Auditor?	Y	Recommend that Council confirms that the Internal Auditor is competent and independent of Council when appointing them Annual Governance Statement Assertion 6	Minute 07.02.23-14
7.6	Are registers up to date for council-owned burial grounds (if any) and purchase of Exclusive Rights of Burials certificate completed?	N/A	Annual Governance Statement Assertion 3	

## 8. Procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	Evidence
8.1	Minutes:	Y		

	a) DPIs or other interests recorded? b) published on website in draft form within one month (mandatory for councillors with a turnover of less than £25,000)? (Objective L) c) initialled on each page and final page signed?	Y  Y	Annual Governance Statement Assertion 3	
8.2	List of members' responsibilities (Objective L) and interests held and published on the website?	Y  N	Annual Governance Statement Assertion 3	Link on a site saying can be accessed via Monitoring Officer  Not on website. Clerk confirms these will be going forward.
8.3	Agendas signed and displayed on website/noticeboards 3 clear days' prior to meeting? (Objective L)	Y	Annual Governance Statement Assertion 3	Viewed website meeting 16/05 agenda dated 03/05
8.4	Summons issued in proper format?	Y	Annual Governance Statement Assertion 3	Viewed May 2023

### Review and Recommendations

The current Clerk is on maternity leave and the Audit was carried out with the Locum Clerk. On review of the details, it appears that the 2021/22 recommendations have not been reviewed or actioned and a lot of the recommendations are repeated for 2022/23. The External audit was not

reviewed by the council or displayed on the website. Recommend that a system is put in place to ensure that the audits are reviewed, and recommendations considered, and council agree to a course of action.

There appears to be an issue that matters, and payment are actioned between meetings and no formal resolution ever made. This needs to be urgently reviewed and a system put in place to deal with matters and payments between meetings.

Staffing information should be reviewed in a closed session, but full minutes of the details should still be made to include hours and spine points agreed. Recommend that this is now done in retrospect.

In 2022/23 Risk Management and Internal Controls were identified as needing improvement. Risk Management was not reviewed until April 2023. Internal Controls do not appear to have been improved and there is no council review of the management controls in place. This needs to be actioned as a matter of urgency.

The council needs to review its reserves in line with recommendation in the Joint Panel of Accountability and Governance (JPAG) March 2022 . Recommend that the council adopts a Reserves Policy and ensures that it minutes a review of its Reserves going forward.

Recommend that the review of the spend against budget is minuted separately from the bank reconciliations or that the minute clearly identifies both actions.

The Council needs to review its Financial Regulations in respect of payments between meetings and also Online Banking arrangements. All expenditure must have an original decision ahead of payment. Contractual payments can be reviewed annually in line with Financial Regulations 5.2. Advise the council has an expenses policy and ensures that any expenditure claimed by councillors is approved by the council ahead of the payment. On the selection of payments reviewed there were not a minute showing agreement of the original expenditure and also not all payments were on the payment schedule agreed by council. This needs to be reviewed and a system put in place to ensure that all payments have an original decision and all payments are shown on the payment schedule. Payments shown between meetings should be shown and retrospectively approved as per Financial regs 6.6.

The Clerk is currently the Service Administrator and an authoriser on the online banking system. This needs to be reviewed as a matter of urgency and inline with Financial Regs 6.15.