

Weasenham Parish Council Internal Audit 2022/23

Principles of audit

It is understood that Weasenham Parish Council has been through a turbulent few years regarding its accounts and procedures. Following events during 2022/23, it is understood that the aim of the council is to be certain that all contentious activity has been acknowledged and rectified, and that procedures are in place to ensure that compliance with statutory duties and accounting standards is guaranteed.

It is noted that the External Auditor report of 22 November 2022 for the financial year 2021/22 addresses many of the formal concerns previously raised with the EA, and that work has already been undertaken to rectify any slips in procedure. The Internal Audit will inevitably note items of concern prior to the receipt of the EA report which, for completeness, are included, but which will have already been addressed by the council.

The necessary transition arrangements following the resignation of all councillors and clerk in May 2022 will have included actions which were not strictly in accordance with FinRegs or accepted procedures. However, given the extreme circumstances in place at the time, it is concluded that this was a one-off and rare occurrence, which should not re-occur. The efforts of the appointed councillors and temporary clerk to re-establish correct procedures is noted, and the continuation of these efforts means that some concerns highlighted in this report have already been addressed.

For direct comparison, the main report follows the format of the 2021/22 Internal Audit; it is for council to decide if it prefers in future a more detailed style of report (example attached at Appendix 1). In addition, this freeform report is provided to address further concerns, and provide a more in-depth analysis than would normally be provided.

Please note that not every item of expenditure agreed at Council has been verified in the bank accounts, due to the time which would be involved in this.

I wish to thank the current Parish Council Clerk for her assistance and support in providing all the information required for completion of the audit, and a resident of Weasenham for contributions of items of concern, which enabled the audit to focus efficiently on that which needed attention.

Review of Minutes

May 2022

No Annual Meeting was held as required by legislation. The Extraordinary meeting was not by definition an extraordinary meeting, since it was called by the clerk in pursuance of normal council business. The meeting should not have been closed to the public for the purpose of councillors announcing their resignation – there is no reason under legislation for this to be a legitimate exclusion.

The Payments Schedule should have been published in its entirety to accompany the Minutes *[now actioned by clerk]*.

June 2022

Payments approved include £153.52 annual membership for NALC, and £170 membership of Norfolk Parish Training and Support. Double-check needed to verify that memberships are not duplicated.

It was necessary for Breckland District Council to make some payments on behalf of the council at this time, given all current bank signatories had resigned and were unavailable to sign cheques. Funds were later re-invoiced by BDC. This makes checking of amounts paid difficult.

Further Minutes to end March 2023

Minutes track remedial actions undertaken by appointed councillors and temporary clerk. No items of concern noted.

Governance – Recommendations

A Grants Policy should be established to include all expenditure under s137, or community events, to include a requirement to provide feedback to council on the effectiveness/benefits to the community, whether the event in fact took place, whether expenditure was commensurate with benefit. Most importantly, grants should be discussed and agreed upon, and Minuted, prior to any disbursement and prior to any event taking place.

Bookkeeping – Recommendations

A general review of the remit of the Solar Account and its use vis-à-vis the Community Account would be useful, but is beyond the scope of this audit report.

It may be that the 'Solar Account' should be used as a deposit account only and funds transferred as required to the Community Account, not as a direct payment account. This will aid reconciliation.

It is understood that the clerk is in communications with the Solar Fund, and no doubt this will resolve the issues noted.

The £1.12 discrepancy between the bank statements and the closing balance on the AGAR is allowable (up to £2 rounding error), but needs addressing during 2023/24 financial year to prevent further rounding errors building up.

Specific queries raised by resident(s)

The parish council has provided an opportunity for concerned residents to raise specific issues regarding accounts 2022/23.

Hogroast held some time around May 2022

This payment is problematic. There appears to be no prior discussion and vote upon disbursement on this item; there is no direct evidence that the event took place

(although a resident has confirmed that to their knowledge, a gathering of 30 people did happen); there is no date for the event; there appears to have been only one quote for provision of the hog roast; the invoice does not have full details of the supplier; there is no clear reason for the event and therefore no specific power to disburse can be identified; the expenditure was authorised as a subsidiary item not mentioned in the Minutes but only on a separate schedule not previously posted publically, at the meeting at which all councillors resigned so that it is likely the event, although nominally arranged and certainly paid for by council, was not hosted by councillors lawfully in office. It would perhaps have been better in those circumstances to cancel the event.

Recommendations are made below on avoiding this type of occurrence in future.

Expenses and salary claimed by interim clerk April and May 2022

Clerk timesheet confirms that the 32 hours per month contracted for, were worked. It was therefore legitimate for council to approve the April and May salary payments. Mileage claimed was for a number of trips including accounts transfer to internal auditor. It was therefore legitimate for council to approve expenses claims, assuming that they had confirmed hours worked were hours contracted for, and mileage was accurate and reasonable.

It is recommended that council appoint one of its members to verify and sign any timesheets or expenses claims prior to submission for approval.

Charities – review and recommendation

Former Highways Surveyor's Land Charity – Reg. number 289651

Why did the income drop to nothing during the last financial year? Which is the sign that the parish council now owns to which £1,250 was donated?

There appears to have been no annual meeting for the past three years. Although meetings are not mentioned in the Governing Document, one annual meeting would normally be the minimum requirement under any governing document.

Weasenham Green Charity – Reg. Number 244939

To remind the council that the accounts are due by end of July. The parish council is named as trustee in the Charity Commission records; however, this is not strictly the case according to the Governing Document, and it may be that trustees are not currently in place. GD requires at least two ordinary meetings per year. Review required.

Can the parish council confirm there are separate bank accounts for the charities, and whether the signatories to these accounts have been changed to reflect the new councillors in post?

Does each charity have its own insurance policy?

Recommendation is a general review of the GDs for these charities, and consider whether conversion to charitable incorporated organisations may be appropriate, or otherwise update (possible amalgamation) to suit current and future requirements.

Transparency, Openness, Community Engagement – Recommendations

Wording on website re availability of agendas – suggest remove ‘usually’, since legislation requires that agendas be available three clear days prior.

While it is not a legal requirement for draft minutes to be published within a month of meetings for councils with turnover more than £25,000, it is recommended, particularly as council has resolved to reduce meetings to six per year, that this practice be adopted.

It is suggested that residents be asked to submit any concerns regarding the accounts prior to the internal audit stage, so that their queries may be addressed specifically and resolved promptly.

It is recommended that for each item of expenditure, the legislation allowing that expenditure be identified. This will help to reassure residents that the parish council is acting within its legislative limits.

Conclusion

While all concerned would no doubt acknowledge some very challenging and unusual circumstances at the start of the financial year 2022/23, it is clear that major strides have been made towards regularisation of governance and accounting procedures, and these efforts are continuing. It is clear that during the latter part of the financial year, governance and accounting procedures were correct.

If it were possible to issue two separate reports, one for the beginning of the year and one for the latter part, these would be very different. However, the legal requirement is that one report including the entire year must be issued, and therefore the period during which inadequate governance and accounting practices were in place must be reflected in the overall report.

However, although a number of negative observations are therefore made in this internal audit report, in fact, it is clear that these issues are historic, and there is low concern about current and future practices.

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