



LJC Bookkeeping Services

The Firs
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25th May 2024

INTERNAL AUDIT REPORT 2023/2024 – WEEK ST MARY PARISH COUNCIL

I have completed the internal audit for March 2024 and the Annual Report has been signed in accordance with my findings. Testing was carried out as appropriate in line with the Financial Risk Assessment and is reported below:

- **Precept, Budgets and Reserves**

The precept was set for 2023/24 after consideration of a budget and the level of free reserves. The receipt of precept is recorded in the ledger and on the bank statements. It is noted however that a Councillor is setting the budget for the Council and not the Responsible Financial Officer whose responsibility this is.

- **Other Income**

Other income was tested against supporting documentation and traced to bank and ledger.

- **Staff Costs**

The Clerk's salary, allowances were paid in accordance with the Council's approval and PAYE properly accounted for and applied.

- **Payments**

Payments were supported by invoice and receipts and VAT has been properly recorded.

- **Bank Reconciliations**

Regular bank reconciliations and ledger checks are carried out.

- **Asset Register**

The Parish Council's Asset Register was found to be properly maintained.

- **Insurances**

The insurance cover in place was reviewed and appeared adequate. Fidelity guarantee cover is adequate based on Audit Commission guidance.

Whilst the above are being carried out satisfactorily, the chief observation that I have made is that responsibility of the finances appears to be given to a Member of the Council when this duty should be solely carried out by the Responsible Financial Officer (RFO) to the Council and checked regularly by two Members. The fidelity clause in the Council's insurance relates to its employee and not a member. It is also the Responsible Financial Officer's option to operate an accounts package of their choice. The RFO must report the finances monthly to the Council. Online banking should be operated by the Responsible Financial Officer

and not by one Member of the Council. The RFO/Clerk should not be a signatory but should enter the payments on the banking system for authorisation by two Members of the Council, and these should regularly alternate in the interests of security, and the RFO must be able to access the bank statements for reconciliation to the cash account. In short, the finances of the Parish Council are the RFO's responsibility and part of the legal duties under the Clerk/RFO contract of employment. Members of the Council are part of the Corporate Body and are there as the upholders of the governance of the Council and to oversee the role of its employees.

It is also noted that the Council's Financial Regulations have not been updated since 2016, according to its website. This is a governance issue.

Linda Coles
Internal Auditor