

## Internal Audit Report

(To be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Furneux Pelham		
Name of Internal Auditor:	Nikki Bugden	Date of report:	19/7/2024
Year ending:	31 March 2024	Date audit carried out:	Initial meeting 15/7/24

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.*

***The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.***

### To the Chairman of the Council:

I would like to thank the parish team and the temporary clerk for the work undertaken within such a short timeframe to swiftly address the requirements for this audit season. I note that your guidance from The Hertfordshire Association of Parish and Town Councils has enabled the external auditor to extend the statutory submission date for your council.

Whilst I am unable to provide a report with positive assertions (as there is no evidence available to support any of the actions that should have been undertaken or procedures that should have been in place), I am confident that the external auditor, and your residents will be able to use this narrative report to understand the unfortunate circumstances that have left Furneux Pelham Parish Council in this situation this year.

Your interim appointment of an experienced clerk will now stand you in good stead going forward so that you can introduce the governance framework to operate within the relevant legislation and statutory guidelines.

### General

During the audit year the Clerk left the council. Furneux Pelham Parish Council (FPC) is experiencing delays accessing various documents.

FPC took action to resolve to appoint a councillor as a temporary clerk whilst they sought advice from their county advice service, Hertfordshire Association of Parish and Town Councils (HAPTC). HAPTC were able to secure an extension the submission deadline for the AGAR for 2023/24.

A qualified interim clerk has now been appointed and the clerk is working with the support of FPC to collate all of the information for the audit year end. At the time of my audit there was still no access to any supporting evidence or information and there has been no option available to me other than to mark all assertions in the negative.

The interim clerk is experienced and will now guide the council forward, to ensure that all statutory regulations are adhered to. The immediate actions that have been taken after year end include the implementation of a risk register, the reconciliation of the bank accounts, the amendment to the bank mandates to secure safe access and the investigation of suitable insurance for council to cover all liabilities. The clerk is also arranging for the website to be updated and for the councillors to have.gov.uk email addresses.

Without evidence it is inappropriate for me to comment further other than to commend the council for their swift action in securing guidance and assistance from HAPTC and the External Auditor. I also note the prompt action to appropriately appoint a Councillor as temporary unpaid clerk during the period prior to cover being secured.

It has been noted during the course of my meeting with the interim clerk that all staffing matters were discussed in a properly convened meeting with the appropriate use of The Public Bodies (Admission to Meetings) Act 1960 to ensure confidentiality.

<b>A. Appropriate accounting records have been kept throughout the Year.</b>	<b>NO</b>
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There was no cash book available to scrutinise. There were no underlying accounting records available.

The newly appointed clerk has reconciled the accounts directly from the bank statements. On that basis it has been necessary to restate the carried forward figure from the previous audit year to ensure that it balanced to the bank statement balance at 31<sup>st</sup> March 2023.

I have been able to prove that the balance at 31st March 2023 was £8024.50 from statement sheet 4 at Unity Bank. This does mean however that currently there is an unresolved difference in the previous year and this should be scrutinised and resolved once the underlying records are available.

<b>B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.</b>	<b>NO</b>
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There are no invoices, minutes, policies or procedures currently available for scrutiny. The documentation on the website was last updated in November 2022 for minutes and agendas. The financial information was last updated on the website for year end 2021/22.

<b>C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	<b>NO</b>
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There was no risk assessment available for scrutiny.

The insurance policy had lapsed.

Councillors were using their own personal email addresses.

**Note: Interim clerk has now completed a risk register and is currently arranging for council insurance. Bank mandates have been updated. New email addresses are being sourced.**

<b>D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.</b>	<b>NO</b>
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There was no evidence available to ascertain that a suitable statutory process was followed.

<b>E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.</b>	<b>NO</b>
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There was no evidence that income was received other than the amounts showing on the bank statements.

<b>F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.</b>	<b>NA</b>
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I believe that there is no petty cash, however there is no evidence available to support or disprove this.

<b>G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.</b>	<b>NO</b>
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I believe that there are no councillor allowances paid. There was no evidence available to ascertain whether all salaries were approved and paid in line with current legislation.

<b>H. Asset and investment registers were complete and accurate and properly maintained.</b>	<b>NO</b>
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There is no evidence available to confirm that an asset register was in place or that it has been periodically reviewed by council. Values were used from the previous years AGAR.

<b>I. Periodic bank reconciliations were carried out throughout the year.</b>	<b>NO</b>
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There is no evidence available that bank reconciliation has taken place and has been reported to council during this audit year and during 2022/23. To obtain the figures for the AGAR 2023/24 the information has been taken directly from the previous AGAR (2022/23) and then rebuilt from the bank statements.

<b>J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</b>	<b>NO</b>
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There is no evidence available to support this assertion.

<b>K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</b>	<b>NO</b>
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There is no evidence available to support or disprove this assertion.

<b>L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation</b>	<b>NO.</b>
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There is no evidence available to confirm that the council complies with all relevant legislation. There is no publication under the Freedom Of information Act (Model Publication Scheme) or the Transparency Code for Smaller Authorities.

- [Transparency Code for Smaller Authorities](#)
- [The Accounts and Audit Regulations 2015 \(legislation.gov.uk\)](#)
- [Freedom of Information Act 2000 \(legislation.gov.uk\)](#)
- [Model Publication Scheme for Parish Councils](#)

<b>M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit regulations.</b>	<b>NO</b>
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There is no evidence available to confirm that the council complied

<b>N. The authority complied with the publication requirements for the prior year AGAR.</b>	<b>NO</b>
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There is no evidence available to confirm that the council complied

<b>O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.</b>	<b>NA</b>
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I am led to believe that the council is not a trustee, however the interim clerk is currently ascertaining what leases the council hold and under what terms. The current leases are not available to the council, the clerk or me as internal auditor to verify.

This concludes my narrative report

Yours sincerely,

*Nikki Bugden*

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The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2023)*. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download [JPAG 2024](#)