

Introduction

In association with monitoring of the system of internal control set out in 'The Policy Statement of Internal Control' and the annual review of effectiveness of internal control, under statutory requirement the council must also review the effectiveness of the internal audit and auditor each financial year.

The Account and Audit Regulations 2015 require councils to ensure that an effective system of internal control and audit is in place and is annually reviewed to enable the council to positively answer all assertions in the AGAR (Annual Governance and Accountability Return).

Assertion 6 on the AGAR – INTERNAL AUDIT

We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.

Assertion 7 on the AGAR – REPORTS FROM AUDITORS

We took appropriate action on all matters raised in reports from the internal and external auditor. Please note that there were no matters for action arising in the external auditor's report.

In June the Clerk and Cllr Warren had a remote meeting to discuss the points raised in the internal audit report and the following actions were undertaken/will be implemented:

Point A – “ Whilst council does evidence use of s.137 expenditure and account for it separately as is required by statute this is a power of 'last resort'. Council **MUST** consider other relevant 'powers to spend' to evidence that they are acting within their statutory powers for all expenditure”.

Clerk/Council actions – Clerk considers powers to spend on a 'payment by payment' basis and cross reference with the “Power to Spend” list obtained from HAPTC. This is also noted in the cashbook under the 'Authorisation reference' tab.

Point B – “Whilst there are standing orders and financial regulations in place council have chosen not to adopt the NALC model financial regulations or standing orders. This does mean that there is a risk that council could miss statutory duties and any legislative amendments therefore I would recommend that the most recent model documents are adopted at the earliest opportunity. I note that this was also a recommendation of previous Internal Auditor reports”.

Clerk/Council actions – Clerk recommended said NALC model documents were implemented and the Council approved those at the June's meeting.

Point C – “It is not apparent from the agenda or minutes if council are considering the lawfulness or appropriate 'power to spend' when discharging their duties therefore I would recommend that this consideration should be included more fully in the risk

assessment and agenda (and subsequent minutes) to protect council from acting ‘ultra-vires’ at the point of decision making”.

Clerk/Council actions – Clerk considers powers to spend on a ‘payment by payment’ basis and cross reference with the “Power to Spend” list obtained from HAPTC where appropriate statute is listed. When required the clerk checks whether the council uses an appropriate power to spend. This is also noted in the cashbook under the ‘Authorisation reference’ tab.

Point C – “There is a comprehensive financial risk assessment in place, however had council adopted the ‘model’ financial regulations there would also be a requirement for independent checking of bank reconciliation by an independent Cllr periodically throughout the year. Council may wish to adopt this additional internal control measure”.

Clerk/Council actions – The Council adopted the NALC model financial regulations in June and Cllr Warren checks and signs invoices and bank reconciliation periodically as recommended by the auditor.

Point D – “Council should ensure that their budget setting process and precept request results in a zero-budget balance, it would appear there is a difference of £ (820) showing in the 2022/23 Rialtas budget document”.

Clerk/Council actions – Cllr Webb, Cllr Warren and the clerk had a remote meeting in September to discuss the Actual Year to Date was looked at and next year budget was discussed. The clerk will prepare a draft budget for the November meeting. The Council must approve the 2024-25 budget and precept demand at the January meeting.

Point E – “Council should ensure that appropriate VAT advice is sought intermittently to evidence compliance with the prevailing HMRC guidance in relation to filming, particularly as the sums received as income can be substantial”.

Clerk/Council actions – Cllr Webb obtained advice from HMRC and is satisfied that at present the Council does not need to register for VAT, however this is being monitored should filming occur on a regular basis.

Point G – “The Clerk has been advised to obtain a HMRC log-in to enable her to scrutinise the information being inputted by the payroll provider. The clerk is a member of the Local Govt. Pension Scheme. It is unclear from the documents available if there was an addendum to the contract to evidence this registration as the initial contract states that it would be reviewed after three months. The pay review for the clerk was minuted, however it is unclear if an addendum to the contract was provided for the file”.

Clerk/Council actions – The Staffing Committee consisting of Cllr Webb, Cllr de la Bedoyere and Cllr McCarthy will hold a meeting with the clerk in October where appraisal is to take place and the clerk’s current contract reviewed. Report to the Council will follow in November.

Point H – “The asset register has previously been restated due to items, not owned by APC being included in the values. It may benefit council to add the respective land registry information of the land that is owned by the parish to further complete this record. Leases are held for land leased from the Diocese and professional legal services are engaged for any lease renewals”.

Clerk actions – Debenhams Ottaway who is the acting solicitor for the Diocese of St Albans is in the process of registering the lease and this should be done by March 2024 following a delay due to Covid backlog. The auditor was provided with correspondence on this matter.

Point I – “It is unclear from the minutes if additional independent scrutiny is being undertaken during the year as defined in the NALC Model Financial Regulations (2.2). Whilst APC have decided not to adopt the NALC model policies it is my recommendation that periodic, independent scrutiny is undertaken, by a councillor who is not a bank signatory as part of the council’s financial regulations or risk assessment would give council more security in this area”.

Clerk/ Council Actions – The Council adopted the NALC model financial regulations and the Clerk recommends that Cllr Paterson (who is not on the bank mandate) checks and signs the bank statements and bank reconciliation periodically.

Review of effectiveness of internal audit

Expected Standard	Evidence of achievement	Is this standard achieved
Scope of internal audit	Scope of audit work was set out in Terms of Reference took into account risk management process and wider internal control. Terms of Reference define audit responsibilities in relation to fraud – Hertfordshire Internal Audit Service was appointed for the 2022/2023 internal audit on 7 th November 2022 Minute ref 22/125	Yes – The Council approved HIAS for the 2023/2024 on 7 th August 2023 Minute ref 23/60 d Terms of Reference were signed by the clerk and sent to HAPTC
Independence	The auditor has direct access to the RFO. Reports are made in own name to management. The auditor does not hold any other role within the council	Yes- new auditor was introduced after long term use of previous auditor
Competence	No evidence that internal work has not been carried out ethically, with integrity and objectivity. The internal auditor familiar with governance processes and accounting regulations for	Yes

	parish councils. The internal auditor is an internal audit lead for HAPTC and a trainer.	
Relationships	Clerk/RFO and councillors are consulted on the internal audit plan and on the scope of each audit. Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud/corruption matters. The responsibilities for council members are understood and training is carried out as necessary.	Yes- Clerk and the majority of councillors have attended training. Newly elected councillors were provided with training.
Audit Planning and Reporting	The audit is a feature of a wider plan with regards to internal control. Policy and procedural reviews and monthly reports form a part of the internal control.	Not yet – The clerk will introduce an audit plan which will be incorporated within the Policy Statement of Internal Control. The review of Internal Control is due in January 2024. A rolling programme of policy, governance and procedures is being undertaken by the clerk and the Council to ensure that the policies and procedures adopted are current.
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the council's governance assurance needs.	Yes- The Council approved the Terms of Reference (letter of engagement)
Understanding the whole organisation; its needs and objectives	The annual review demonstrates how audit work will provide assurance in relation to the council's annual governance statement	Yes
Be seen as a prompt for improvement	Supportive role of audit and the auditors' recommendations enables the council to positively develop and maintain a high standard of governance	Yes – Copy of the internal audit report was circulated, and the council have implemented/ will implement recommendations where deemed necessary
Be forward looking	When identifying risks changes on national agenda are considered. Internal audit maintains awareness of the new developments in the services, risk management	Yes – clerk receives regular updates from advisory services regarding changes to procedural templates or regulations. New councillors have

	and corporate governance	attended relevant training and the clerk is awaiting to be CiLCA qualified.
Be challenging	Internal audit focuses on risks and encourages members to develop their own responses to risks rather than solely rely on auditors' recommendations	Yes – the council has a robust risk assessments in place and identify the need to mitigate risks when undertaking new projects.

Reviewed and adopted by the Council: October 2023