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Tuesday 30th May 2023

Ms Glenys Southworth
Clerk & RFO
Bretherton Parish Council

INTERNAL AUDIT REPORT – May 2023

The **Accounts and Audit Regulations 2015** came into force on 1st April 2015 and this Statutory Instrument is applicable for the Financial Year ending 31st March 2023. Guidance from the “**Governance and Accountability for Smaller Authorities in England**” March 2022 contains the relevant working document.

This report sets out those areas examined during my review of the Council’s affairs on Thursday 25th May 2023.

As Auditor, I take into account “**Public Sector Internal Auditing Standards**” (PSIAS). Internal auditing as an independent, objective assurance and consulting activity designed to assist and improve an organisation’s operations. It should help an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The present method of a twice-yearly review and assessment of the Council’s operations would in the case of Bretherton Parish Council seem to be adequate to achieve this objective.

Accounting records were checked, on the basis of a random 5% sample of cashbook transactions including appropriate authorisations and an audit trail between Minutes, Invoices and the cash-record. No significant issues arose from this.

I reviewed the Minutes of the Council for the year to date to identify whether or not any issues exist that may have an adverse effect, through litigation or otherwise, on the Council’s future financial stability; issues that need addressing are covered later.

Documentation relating to the following was reviewed and audited.

Current Year Budget.

Accounts, including Bank Reconciliations, for the year under review.

Creditors and Debtors cash records along with supporting vouchers and invoices for the twelve-month accounting period to March 31st 2023

Bank statements from 1st April 2022 to 31st March 2023.

Agendas and Minutes for all Council Meetings for the year under review.

The Asset Register.

The current Insurance Schedule.

RECOMMENDATIONS / FINDINGS

1. I have been unable to access on the Council's WebSite the information required under the "Transparency Code" listing individual payments exceeding £100 for the year 2021-2022.
2. Whilst the Minutes of the meeting of the 5th of December 2022 state that a draft budget meeting would be held (174/22) reference to this was not included on the Agenda neither was the ensuing meeting Minuted; the meeting was thus null and void. The meeting of the 6th of Feb 2023 was asked to approve a budget derived from this unofficial undocumented meeting which it did; that decision is thus ultra-vires. It is recommended that the draft budget is re-presented to the Council at the earliest opportunity in order to validate it and make the current year's precept and expenditure legal.
3. I note that the Council agreed to action 'Point 3' in my last interim report; this would not appear to be the case, i.e. *Invoices/Vouchers should be annotated with a consecutive folio number and cheque number. The keeping of photocopies of cheques seems unnecessary.*
4. As previously advised urgent consideration should be given to making Agenda items specific in looking for Council's approval or otherwise. As late as March this year, members were asked 'To Consider'. Words like "Members to consider" must be avoided as it is not clear as to whether a Resolution is being requested. Similarly, Minutes must be precise as these form the authority of a Council's work and expenditure. **The Council cannot legally pass a Resolution unless the detail of the Proposition is contained within the Agenda**; it follows therefore that a general statement "to consider" without further qualification does not give adequate notice to members of the intention.
5. It was again noted in the Minutes that various decisions had been taken by the Clerk/Chairman. The Clerk is not empowered to make decisions on her own and such would be classed as illegal. All decisions must be made by the full Council or an appointed Committee of the Council duly authorised. The delegated powers to the Clerk are for 'urgent action' only, which clearly many of these are not. I cannot accept that the majority of such expenditures are 'Urgent' and could not have been foreseen. **Decisions**

like these are effectively excluding Members of the Council from the decision-making process.

*Ordering of replacement defibrillator pads.
Payment of the additional insurance premium.
Payment of the invoice for Grounds Maintenance.
Reimbursement of the cost of the website paid by Cllr Lloyd
Approval to the cost of moving a bench from the Recreation Ground to Marl Cop
Payment of the invoice from Kompan Ltd
Reimbursement of the website costs for the Neighbourhood Plan
.... Etc etc*

6. It is noted that many decisions were delegated to the Chairman. **Decisions cannot be delegated to the Chairman or indeed any other Councillor.**

79/22 Purchase of a New Noticeboard at The Apiary It was RESOLVED to delegate the decision to the Chair.

81/22 Purchase of a new sign for the Recreation Area It was RESOLVED to delegate the decision to the Chair.

101/22 Decisions taken by the Chair - It was RESOLVED to note the decisions:- Accepting lead organization responsibility for the event in Sept; Purchase of a new sign for the Recreation Ground; Purchase of a new Noticeboard for the Apiary; Responding to the consultation on the Pan-Lancashire draft Pharmaceutical Needs Assessment.

7. It was noted that several hundreds of pounds were reimbursed to Councillors for various purchases. **All orders and purchases must be made by an Officer of the Council**, i.e. the Clerk; **individual Councillors are not permitted to authorise work, supplies or incur costs other than agreed personal expenses.**
8. All appointed Committees and Sub-Committees of the Council automatically cease to exist immediately before the AMPC and thus need to be reconstituted annually in May. This does not appear to have happened in May 2022 in respect of the Neighbourhood Plan and work and expenditure on this has continued without authority. I also note that no Committees were formed or re-constituted at the May 2023 meeting and thus none legally existed at that time.
9. Whilst records for all monetary transactions are available, I would urge the Clerk to adopt a simple Cashbook ledger to record and allocate all receipts and payments in line with good accounting practice. The end of year accounts should be presented to the Council in a standard "Income and Expenditure" cash basis in addition to a Bank Reconciliation. A member of the public, who can legally require to inspect, would find it extremely difficult to find their way through the papers at present.
10. I again make the point that Minutes are the official record of decisions taken by the Council; all the necessary information for Councillors to be able to make informed decisions should be contained in the Agenda and/or supporting documentation and referenced to in the Minutes.

In these examples, what are the Council being asked to do ?

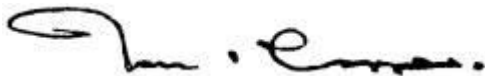
7/23 Energy Project : Members to consider a report from the Energy Project Group

8/23 Highway Issues : Members to consider

The Transparency Code states:- "Smaller authorities should also publish meeting agendas, which are as full and informative as possible, and associated meeting papers not later than three clear days before the meeting to which they relate is taking place."

11. I am again concerned that the procedure as required by statute and accepted good practice is not evident in many of the Council's dealings. All of the concerns now raised could have been dealt with had a meeting as suggested in my Interim Report last year been actioned. I recommend that all Councillors are provided with a copy of the "JPAG Practitioners Guide 2023".

I confirm that the Clerk has had an opportunity to examine a draft copy of this report in order to have the opportunity to advise of any de-facto errors or query any of the conclusions reached. No such queries were raised.

A handwritten signature in black ink, appearing to read "M. Jones".