



Dowsby Parish Council  
c/o Cllr Leonard Rodford (Chairman)  
Saffron Lodge  
Main Road  
Dowsby  
Bourne  
PE10 0TL

4 May 2024

For the Attention of Dowsby Parish Council Chairman and all Elected Members,

**Annual Internal Audit Report for year ended 31 March 2024**

In accordance with my letter of appointment, dated 24 April, and to complete the Annual Governance & Accountability Return (AGAR) Annual Internal Audit Report for 2023/24, I have conducted a selective assessment of Dowsby Parish Council's compliance with the relevant procedures and controls.

The internal audit included cross-referencing and reviewing the selected financial transactions with the underlying Council approvals, practices and internal controls, and the relevant legislation. My conclusions on whether, in all significant respects, the control objectives were achieved to an adequate standard throughout the financial year will be detailed on page 4 of the AGAR.

As always, your Clerk/RFO was open and honest, answered any questions and provided the documents promptly and without hesitation. The RFO does maintain clear and organised financial records. However, there are still some key areas of the proper accounting and governance practices ('proper practices'), referred to in statute, that have not been implemented, actioned or reviewed by the Council during 2023/24. Therefore, once again, I have been unable to respond positively to all of the internal control objectives. These are:

- Objective B. The authority needs to ensure that controls over money are embedded in Standing Orders and Financial Regulations, which govern how it operates. As the Council still does not have these key documents in place, I have responded 'No'.
- Objective C. As highlighted in previous years, there is no evidence in the Minutes, Agendas, or on the website that the Council carried out an assessment or review of any risks to it achieving its objectives during the financial year. Therefore, I have again annotated 'No' for this internal control objective.
- Objective D. The annual precept must be considered, approved and adopted by the Council. Although the precept and proposed budget for 2024/25 were presented at the November meeting, they were not formally adopted due to uncertainty of the amount required (Min. Ref 1077.3), nor were they approved retrospectively at the next meeting (February) in order to meet the District Council's January precept deadline. In the absence of adequate process at the time of audit, my response to this objective is 'No'.
- Objectives E. I have been informed that the Council does not hold petty cash or a cash float so this objective has been annotated 'Not covered'.
- Objective G. There is still no written contract of employment/statement of particulars for the Clerk/RFO. Therefore, I am unable to determine if the salary, tax and National Insurance payments are correct, so I have again put 'No'.

- Objective I. I could find no evidence in the Minutes, on the bank statements, or on the invoices to show that periodic bank reconciliations were independently scrutinised and signed-off by the Council, Chairman, or any delegated member(s) during 2023/24. As this is a key part of internal control and risk management, I have responded 'No'.
- Objective O. I have been informed that the Council is not a trustee of any Trust Fund therefore, I have marked this objective as 'Not applicable'.

With regards to the other AGAR sections, supporting documents and records available to me, I have the following comments and opinions:

- Certificate of Exemption. The total annual gross income (£2,023) and expenditure (£1,597) figures stated on page 3, match the accounting records provided. Therefore, the Council is eligible to certify itself exempt from a limited assurance review.
- Annual Governance Statements. The Accounts and Audit Regulations 2015 requires smaller authorities to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts in each financial year, and have the appropriate evidence to support a 'Yes' answer.

In 2022/23, despite my report highlighting a lack of governance, non-compliance and no evidence to support every response being positive, the Council responded 'Yes' to all of the applicable statements on page 5. Based on the information I had at the time of the last audit, I do not believe that Dowsby Parish Council had the documents, procedures or evidence in place to support all of the 'Yes' responses.

When considering the responses for 2023/24, the Council must satisfy itself that it has applied the 'proper practices', met the requirements of the latest legislation, and has the evidence to support this.

- VAT. In accordance with VAT Notice 749, reclaimable VAT should be reclaimed from HMRC at least annually. Although the VAT was appropriately accounted for, the amounts for 2021/22 (£44.90) and 2022/23 (£190.53), have not yet been reclaimed; there is also £64.10 of reclaimable VAT available for 2023/24.
- Resolutions. Although the Minutes are not a verbatim record of debate at a meeting, they must accurately reflect any formal decisions (resolutions) made by the Council, especially those involving public money. Although the payments and bank balances are stated in the Minutes, there is no record or evidence stating that these were actually approved, (e.g., Min Ref 1088.1 on 21/02/2024 just states 'Bills for approval').
- Periodic checks. I have noted that the cheque numbers on the corresponding invoice/receipt are now being made in ink, and all of the cheque stubs have been initialled by two councillors. If, as well as the stated approval in the Minutes, the same two councillors also initialled the invoice that the cheque relates to, it would provide evidence that each step in the audit trail has been seen, checked, and accurate.
- Proof of Payment. When reimbursing expenditure incurred on behalf of the Council, evidence of the amount paid should be provided; a copy of the advertised sales price (e.g., from Facebook Marketplace) does not confirm the actual amount paid.

Apart from one, all of the issues raised have been highlighted in previous years, but still not addressed. Although I have no doubts regarding this, relying on the honesty, integrity and goodwill of your Clerk/RFO is not sufficient or appropriate, and I urge the Council to prioritise addressing the issues raised. For ease of reference, the requirements are stated in the 2023 edition of the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide; a free copy is available on the NALC website ([www.nalc.gov.uk/our-work/our-partnerships](http://www.nalc.gov.uk/our-work/our-partnerships)).

I have completed the AGAR Annual Internal Audit Report for 2023/24 in line with this report, which is based on the information provided at the time of audit, and will submit the signed copy to your Clerk. However, if you, or the Council would like to discuss any of the points raised, please do not hesitate to contact me.

Yours sincerely,

*Original copy signed*

Mrs V M Free

Copy to: Dowsby Council Clerk & RFO