

DKE AUDIT SERVICES

INTERNAL AUDITOR & INDEPENDENT EXAMINER

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Studley Parish Council

Internal Auditors Assessment for the Completion of the AGAR Part 3 – Financial Year 2022-23

1. Introduction

I have concluded the Council's annual independent internal audit. I am therefore able to complete the Annual Independent Internal Audit Report 2022-23 which forms part of the Annual Governance and Accountability Return (AGAR).

My internal audit considers the evidence available to assess and ensure the Council has effective governance arrangements in place for the areas examined. In examining the governance arrangements focus has been placed on compliance with the Council's key governance 'rules', its management of 'risk' and its financial controls. Consideration is given to the size and scope of activities undertaken by the Council.

The internal audit is not designed to identify all weaknesses in the Parish Council's systems but, it is a sample examination of systems and of testing those systems. Where weaknesses are identified during the internal audit process, which impact on governance and control, recommendations are made.

The responsibility for the prevention and detection of fraud, error and non-compliance with the law or regulations rests with the Council. The internal audit should not be relied upon to disclose all material mis-statements or frauds, errors or instances of non-compliance as may exist.

2. Summary

In the section below I have recorded my AGAR responses and offered some comments by way of explanation for these. Members need to be mindful that this assessment is for elements of governance and control during 2022-23 to the time of the audit review.

During the internal audit review significant control issues or non-compliances have been identified; I can give a positive response to the areas covered by the AGAR (internal auditors section), that apply to the Parish Council with the exception of sections, B (payments), C (risk management), H (asset management) and O (Charity Sole Trustee). A comment and recommendation is made at the end of this report about the requirement to comply with all Council rules, regulations and policies, and the actions and evidence trails that should be present.

3. Internal Audit Assessment

The table below follows the format of the AGAR, for each section, questions have been answered with supporting evidence provided, which has been examined and assessed.

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>A. Appropriate accounting records have been properly kept throughout the financial year.</p>	<p>Yes</p>
<p>The Council uses RBS Rialtas software to maintain its accounting records. The Council has put in place effective procedures to accurately and promptly record all financial transactions, it has maintained up to date accounting records throughout the year, together with all necessary supporting information. Invoices, payment requests or other supporting evidence is held to provide a transaction audit trail. Income is promptly recorded in the cashbook.</p> <p>The cashbook at the time of the annual audit was up to date, the financial position, payments and receipts are reported to the Council monthly, payments are approved, and all are recorded in the minutes. Overall, an effective accounting record keeping arrangement operates.</p>	
<p>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved VAT was appropriately accounted for.</p>	<p>No*</p>
<p>The Financial Regulations operating in the year were those reviewed in May 2022, the current Financial Regulations and are based on the 2019 Nalc model.</p> <p>The book-keeping arrangements have been reviewed. Receipts and payments are accurately recorded and all payments are listed, presented to Members, and are approved. Statutory payments, VAT, Tax, and NI have been identified, recorded and processed (see test results below in respect of VAT reclaimed for third parties).</p> <p>Direct Debit (recurring payments) were reviewed and approved at the July 2021. Payments are schedule on the bank payments systems by the Clerk/RFO. Nominated Members approve the payments on the bank payments schedule, this being in line with the Council approved payments schedule. Effective management and control over the Council’s bank accounts is present.</p> <p>The financial records are supported by source financial records and these are well structured and ordered within the software systems. At present the payment supporting records are filed in date order. All transactions in the finance system have a unique transaction number. The search faciality allows the identification of each transaction by several sources - supplier, order, invoice reference value, etc. As the primary reference is the transaction number, then filing documents based on this number would be more appropriate, efficient and effective.</p>	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>Testing of a sample number of payment transactions found compliance with the Councils Financial Regulations and ‘payment process’ in most instances. It was found that there are effective links and controls between the order of goods, works and services and the payment, with transaction being properly and promptly recorded in the cashbook. The payments tested had been approved and VAT has been accounted for. However, there was one payment in the sample which did not comply with the Councils regulations and processes and is detailed below.</p> <p><u>*Internal Audit test Result</u></p> <p>As part of the internal audit testing process the following matters have been identified, which have governance and financial control implications. The Council is invited to provide further information and explanation in respect of this.</p> <p>Test result 1</p> <p>Transaction number 239, Supplier – G S Adams Ltd, Works – to store, install and remove the poppy light at Studley Methodist Church, Amount £215.00 excluding VAT.</p> <p>The information and explanations obtained have shown the following;</p> <ul style="list-style-type: none"> • No order was placed by the Council for this work • The works were arranged and agreed by a Member of the Council, the RFO nor the Council approved the cost in advance of the instruction to undertake the work – the Member had no powers to enter into this contract on behalf of the Council. • The activity was not one falling within the responsibility of the Parish Council, the works were not related to a pre agreed or approved Council activity - there was no budget for the works • The price for the works, being placed without any reference to the RFO, was not agreed by the RFO and did not follow purchasing procedures, and therefore did not allow the RFO to comply with their responsibilities under Financial Regulation 1.9 (as detailed below) • The invoice is in the name of Studley Parish Council, it has been paid and VAT reclaimed, however, the works are not related to an activity for which the Council has direct responsibility. • The payment was approved by the Council at its January 2023 meeting. <i>“(d. To discuss and agree payment of invoice received from GS Adams relating to a poppy light for the Royal British Legion. - It was agreed that the SPC would pay the invoice and take</i> 	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p><i>ownership of the light)</i>". The minutes do not indicate that the Council considered, prior to approving the payment, the circumstances associated with the payment and the non-compliance with a number of the Councils Financial Regulations.</p> <p>Based on the information provided, the process followed does not comply with a number of the Councils Financial Regulations, examples being;</p> <p>1.7 Members of council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.</p> <p>4.1 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:</p> <ul style="list-style-type: none"> • the Clerk, in conjunction with the Chairman of Council or the Chairman of the appropriate committee, for any items costing less than £1,000. <p>Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman.</p> <p>5.3 All invoices for payment shall be examined, verified and certified by the Clerk/RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.</p> <p>10.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of such purchase orders shall be retained.</p> <p>10.5 A council member may not issue an official order or make any contract on behalf of the council.</p> <p>18.2 The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.</p> <p>See reference above - 1.9 (extract) The Clerk/RFO –</p> <ul style="list-style-type: none"> • administers the council's financial affairs in accordance with all Acts, Regulations and proper practices; • determines on behalf of the council its accounting records and accounting control systems; 	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<ul style="list-style-type: none"> • ensures the accounting control systems are observed; <p>These findings have been agreed by the RFO as accurate.</p> <p>Test result 2</p> <p>As a result of the test 1 finding, the RFO was asked if there were any other transactions that did not follow the Council’s procurement process and Financial Regulations. The transactions relating to a specific event were identified, and were therefore examined as part of the audit, the findings being;</p> <p>The Council paid a number of invoices to contractors for works associated with the parishes Christmas Lights display. The Parish Council has the powers to provide Christmas Lights (Power to provide to attract visitors - LGA 1972, section 144). However, it has elected that the lights display be organised by a group that is independent from the Parish Council. This group procures the services and contracts with the service providers; the contracts were for the purchase and installations of the lights (the independent group take ownership of the lights – they are not recorded as a Council asset).</p> <p>The invoices for the services, works and goods, although placed by an independent group, have been submitted by the contractors to the Council, being in the name of the Council and then being paid with VAT reclaimed. The procurement process has not been undertaken by the Council and the Council’s Financial Regulations have not been followed, but the Council has accepted the responsibility and liability for payment. In addition, the Council has;</p> <ul style="list-style-type: none"> • set a budget for Christmas Lights to cover some costs (£3,000), but these funds are not for a Council led activity, • approved a grant to the independent group for part of the cost, this grant being paid direct to the contractor (£1,360), as opposed to the organisation, • approved a grant to the independent group for part of the cost of a contractor’s invoice, this grant being for the VAT element of the invoice (£272) covered by the earlier grant– at the time of the audit visit the full invoice value had been paid by the Council from the Christmas Lights budget. <p>It is understood that any shortfall between the Council Christmas Lights budget and the grants award, and the costs paid by the Council to the contractors on behalf of the independent group, will be reimbursed by the independent group. No formal agreement was available.</p> <p>The information and explanations obtained have shown the following;</p>	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<ul style="list-style-type: none"> • No orders were placed by the Council for this work, • The price set and the 'orders' placed, for the services, works and goods, were agreed and placed without any reference to the RFO; were not agreed by the RFO, and did not follow purchasing procedures. Therefore, the process did not allow the RFO to comply with their responsibilities under Financial Regulation 1.9 (as detailed shown above), • The invoices are in the name of Studley Parish Council, have been paid and VAT reclaimed, however, the works are not related to an activity for which the Council had direct responsibility over, • By making the grant awards to the independent community group, the funds then become those of the group, to be used by the group, the funds are not then available to the Council to pay invoices raised against the Council for which the Council has determined it should pay, • The payments were approved by the Council at various meetings. The minutes do not indicate that the Council considered, prior to approving the payments; the circumstances associated with the payments and the failure to comply with a number of the Councils Financial Regulations. • Although the Council has the power to provide Christmas Lights, the process or delivery vehicle used to provide the service has not been formally considered, recorded, with associated risks forming as part of the decision process. <p>Based on the information provided several Council Financial Regulations, some detailed in Test result 1 above, have not been complied with.</p> <p>These findings have been agreed by the RFO as accurate.</p> <p>Summary</p> <p>The findings outlined in both of the tests above have been discussed with the Clerk/RFO, it is agreed that the Council has not complied with its Financial Regulations. As the financial control processes set by the Clerk/RFO and the Council have not been followed in these examples, the response to this section of the Internal Auditors report shall be 'No'.</p> <p><u>Recommendation 1</u></p> <p>a) The Council must ensure it complies with its Financial Regulations, procurement and payment processes, and controls, and with 'proper practice', at all times – responsibility rests with the Parish Clerk/RFO, individual Members and the Council as a whole as detailed in the Financial Regulations.</p>	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>b) The Council review the instances detailed in Test 1 and 2 above, and any other similar instances of support provided to external / third party /community organisations, and ensures it is acting within Parish Council powers and processes employed follow sound governance and control principles. Such a review should be evidenced and recorded.</p> <p>c) The Council verify it has complied with HMRC VAT ‘rules’ when reclaiming VAT on payments it has made for external / third party/community organisations.</p> <p>d) The Council introduce robust reporting and recording arrangements to clearly support decision making, particularly where this varies from procedure guidance, and rules and regulations compliance requirements, as advised by the Clerk/RFO.</p>	
<p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>No</p>
<p>The Council has continued to develop its risk management arrangements, it has a Risk Management Policy, along with two Risk Registers, one covering finance and one for assets and other liabilities. The Risk Registers cover the traditional risks that are experienced by a Parish Council along with the actions that support the control and management of these risks. For example:</p> <ul style="list-style-type: none"> • As part of the Council’s actions to mitigate ‘day to day’ financial and operational risk the Council undertakes, internal control checks and periodic physical asset inspections, and where the Council directly engages contractors to undertake works, insurance checks are made. • A risk mitigating action is to insure. The Council’s insurance policy covers the areas expected for a Parish Council, however there remains uncertainty around the assets and their value. • IT arrangements and controls to mitigate IT related risk have been discussed, the Council has engaged an external IT company to provide IT support, and uses Cloud services to secure its systems and records. <p>There remain strategic and operational areas where further improvement is needed;</p> <ul style="list-style-type: none"> • The Council does not have a strategic forward-looking plan showing its aims and objectives (and future budget projections) and it has therefore not considered the risks to delivering what the Council wishes to achieve in the next few years. The identification of risk and the effective management of it should help the delivery of the Councils aims and objectives. • The Council does not show that it considers the risks when making significant decisions, for example comprehensive reports (business cases) detailing the risks, the method of managing these and therefore the opportunities that may arise when making significant decisions. • The Council has not detailed the risks associated with non-compliances with Financial Regulations. 	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<ul style="list-style-type: none"> The Council has yet to complete the review of its assets, leases and associated risks and liabilities. This forms part of the agreed action plan from the 2020-21, followed-up in 2021-22 internal audit reviews. Although the review of the Council’s assets is being progressed, this remains outstanding and therefore should be seen as a significant risk to the Council. <p>It is reminded that the consideration when completing Assertion 5 of the AGAR one test is “1.31 Identifying and assessing risks — The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences”.</p> <p><u>See Appendix A recommendation 1 for the most recent update on risk management</u></p>	
<p>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	Yes
<p>The budget covers the Council’s activities, income sources and expenditure, and these are included in all budget monitoring reports. An effective budget setting process operates that identifies the funding need based on services and commitments. The precept has been set in accordance with the agreed and approved budget requirement. The budget is initially considered by the Finance and Staffing Committee, then reviewed and approved by the Full Council.</p> <p>The budget summary is presented and reviewed at each Council meeting.</p> <p>The Council’s reserves are appropriate for the Council (based on its expenditure levels) there are earmarked reserves set aside for specific projects. The Council’s reserves were considered and by the Finance and Staffing Committee in March 2023.</p>	
<p>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	Yes
<p>The Council receives income beyond the precept, from a number of sources; a cemetery, allotments, property rental / leases and grants.</p> <p>A number of receipts were tested and the sums due were received, banked and recorded in the cashbook. Outstanding invoices are periodically reported, and the ‘budget to actual’ monitoring reports provide overview.</p> <p>VAT is not been charged on any income sources.</p>	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</p>	<p>Not Covered (no Petty Cash)</p>
<p>The Council no longer holds a petty cash float.</p>	
<p>G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</p>	<p>Yes</p>
<p>The salary payable to the Parish Clerk/RFO and staff have been agreed by Members and are in line with budget provision. Sample testing showed salary calculations, include relevant employment related deductions are correctly paid along with employer liabilities.</p> <p>A performance management system operates.</p>	
<p>H. Asset and investments registers were complete and accurate and properly maintained.</p>	<p>No</p>
<p>The Council has a basic Asset Register that is used to list the value of its assets, this is currently incomplete, with unknown reasoning for some of the values listed; the structure of the register does not follow the best practice format. In last year's internal audit report the Asset Register was under review and it was recognised this would be a significant task, as a result the review continues. In the 2020-21 AGAR the Council stated it had assets to the value of £676,240, the Parish Clerk/RFO has confirmed that will be the base for the 2022-23 AGAR figure, but has confirmed this may not be accurate.</p> <p><u>Recommendation 2</u></p> <p>As recommended last year (see Appendix A recommendation 2), there are a number of significant uncertainties in respect of the Council assets and the value of these. This uncertainty should, through a Council agreed statement, be drawn to the attention of the external auditor. This statement should include the issues, risks, and actions being taken, and the date by which the Council plans to finalise these matters.</p> <p><u>Recommendation 3</u></p> <p>The Council introduces a formal monitoring arrangement to ensure the update provided for the recommendation made in last year's internal audit report (See Appendix A recommendation 3) to support and deliver in accordance with the timeline.</p>	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
I. Periodic bank account reconciliations were properly carried out.	Yes
<p>The Council receives and notes the bank reconciliation at each meeting. The bank reconciliation statement from the accounting system is presented along with the supporting bank statements.</p> <p>The end of year bank reconciliation has been reviewed.</p>	
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	Yes
<p>The year-end accounting statements have been prepared on the correct accounting basis (income and expenditure) for 2022-23 All accounting processes tested are effective, with appropriate controls and control compliance. The manner in which the Council's accounts are maintained and then presented to Members each month provides effective overview and detail of the Council's financial position.</p> <p>The accounting statements are prepared on the correct accounting basis, those tested at the time of the audit visit agreed with the cash book, being supported by an adequate audit trail from underlying records. There is effective control over the generation of payments and these are approved by Members. Income and expenditure levels are monitored and there is an effective bank reconciliation, debtors and creditors are properly recorded.</p>	
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered").	Not Covered
The Council did not certify itself as exempt in 2021-22 and therefore had a limited assurance review of its AGAR.	
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.	Yes
<p>The wording of section L in the internal auditor's part of the AGAR has changed from last year.</p> <p>The Parish Clerk has confirmed that the Council is aware of, and publishes the information required by legislation. The Council has a Publication Scheme which details the information available and how it can be accessed. Transparency principles in respect of the information published are followed. At the time of the audit the expected information was available on the Council's website, including</p>	

AGAR Internal Control Objective, Internal Audit assessment and related comments	Yes /No
the last five years AGAR statements. Following an internal audit recommendation last year, the Council undertook a review of the Transparency Code requirements (see Appendix A recommendation 4).	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	Yes
Evidence confirms the Council correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	
N. The authority has complied with the publication requirements for the 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	Yes
The Council correctly complied with the 2021-22 publication requirements.	
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	No
<p>As raised in previous internal audit reports the Council has an ‘interest’ in two Charities;</p> <p>The Council is the sole trustee of Studley Recreation Ground (a registered charity - number 523020) the Charity Commission entry for this charity states; Recreation Ground for all forms of leisure and sports activities available and accessible for everyone. The point of contact is the Studley Parish Clerk. This charity does not own and/or lease land or property.</p> <p>There is also a second charity Studley Millennium Green (a registered charity - number 1075632) where the Charity Commission entry for this charity states; Provision of Public Open Space. The trustees are shown as Christine Dyer and Gordon Thomas Marshall and the point of contact is the Studley Parish Clerk.</p> <p>The Council is maintaining areas (funded by the Council) that may fall within the responsibility of the Charities shown above. The Council has committed to ensure its role and responsibilities in respect of both of these Charities is clarified, and then it complies with the requirements of both a Parish Council and a Charity. This is being progressed but is yet to be resolved – see Appendix A recommendation 5 and 6.</p>	

Other Areas

Internal Control areas and Internal Audit comments

Review of the implementation of recommendations from the previous year's Internal and External Audit Reports

From last internal audit report

The recommendations from the internal audit report for 2021-22 have been reviewed by the Parish Clerk/RFO and an update has been provided in Appendix A. This update and the progress made has been reflected in the comments made in the main report above.

From last external audit report

The external auditor made no specific recommendations but noted 'other matters'.

The smaller authority has confirmed that it has not complied with the governance assertion in Section 1, Box 9, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified.

In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to significant weaknesses in relation to the council's risk management arrangement and their asset management policy. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner. For progress, see comments made within this report.

Any other governance or financial control issues arising during the internal audit not already referenced above, or to be noted.

The Parish Clerk / RFO is responsible for determining the financial systems and control arrangements.

1.8 The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.

The Council, in support of effective and robust governance, has a duty to record, every instance, where it does not follow the requirements of its Financial Regulations, its rules, policies and 'proper practice' with the reasons for this. The Clerk/RFO has advised that there have been occasions when the Council has taken decisions with limited or no regard to this requirement. It is very important that detailed records are maintained where decision are taken that do not comply with the Councils 'rules', policies and regulations. Clarity must be assured, through accurate and comprehensive reports (supported by appropriate audit trails) and minutes. The Council must be mindful of the potential consequences of not complying with its Financial Regulations;

1.6 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.7 Members of council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.

See Recommendation 1 above.

Recommendation 4

When completing the 2022-23 the Council must "comply with Proper Practices in completing Sections 1 and 2 of this AGAR. Proper

Internal Control areas and Internal Audit comments

Practices are found in the Practitioners' Guide which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor". Each of the Assertions have a number of factors to consider that should then aid the Council in agreeing the response it makes. An extract from the guidance has been proved to the Clerk/RFO to aid this process.

The draft version of this report was discussed and agreed by the Parish Clerk/RFO.

The internal auditor wishes to acknowledge the support and assistance provided by the Parish Clerk/RFO during the internal audit review.

Duncan Edwards

Internal Audit undertaken – 2 March 2023 and 23 March 2023

Duncan Edwards (2022/23 internal audits)

Studley Parish Council’s - Governance Action Plan arising from Annual Internal Audit for year ending 31/03/2022 – Council/Clerk provided update at March 2023

IA Recommendation 1.	
<p>The Council should develop its future planning process and in doing so further enhance its risk management arrangements to ensure it is a proactive process supporting the delivery of the Council's aims and objectives, to inform and support significant decision making, and to aid the effective management of a number of asset-based risks.</p> <p>Note - AGAR Assertion 5 says '1.31 Identifying and assessing risks — The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences'.</p> <p>As part of its actions to mitigate 'day to day' financial and operational risk the Council undertakes for example, internal control checks and periodic physical asset inspections. Where the Council engages contractors to undertake works insurance checks are made.</p> <p>The Council's insurance policy covers the areas expected for a Parish Council, however there are variances between the Asset Register value for insured items and the insurance schedule. The Asset Register should show the insured value which should reconcile to the insurance schedule. This should be reviewed (see section H below) – [recommendations 2 and 3 refer.]</p> <p>IT arrangements and controls to mitigate IT related risk has been discussed, the Council has engaged an external IT company to provide IT support, and uses Cloud services to secure its systems and records.</p>	
Who	Whole council with all staff
Milestone	Asset register ongoing
Target Date	March 2024
IA Recommendation 2.	

There are a number of significant uncertainties in respect of the Council assets and the value of these. This uncertainty should, through a Council agreed statement, be drawn to the attention of the external auditor. This statement should include the issues, risks, and actions being taken, and the date by which the Council plans to finalise these matters.

Who	Whole council approved statement.
Milestone	For 2021-22 Statement issued with AGAR to external auditor, agreed at SPC meeting held 21/06/2022. For 2022-23 Statement to be issued with AGAR to external auditor
Target Date	21/06/2022. Completed for 2021-22 To be repeated for 2022-23

IA Recommendation 3.

The Council introduce an Asset Management Policy and associated processes to govern and administer for example; acquisitions, management, use, values, risks and the disposals of its assets. The policy and process should cover and ensure current issues and risks are addressed and resolved. Examples of the current asset-based issues are;

- 1) The structure and content of the asset register should follow best practice (see JPAG guidance). The format of the register should include the information detailed in proper practice guidance, e.g. the inspection requirements, the planned maintenance needs which should be linked to budget provision, and the replacement schedule linked to earmarked reserves as appropriate.
- 2) The asset valuation principles should be established and applied.
- 3) The relationship between the 'accounting' value of assets and the insured values should be clarified.
- 4) The principles and terms for leasing assets or allowing the use of assets by third parties should be clarified - for current leases the impacts, risks and liabilities should be established and managed based on legal advice obtained.
- 5) The principles for how assets are used to create / generate the greatest community values should be established and followed.

- 6) The relationship between the assets held and maintained by the Council and the role and responsibilities of the Charities linked to specific assets should be established and followed (also see section O below) [recommendation 5 refers].
- 7) The asset acquisition and disposal principles should be established, applied and process to be followed developed - decisions being based on business cases that support recommendations having considered impacts, benefits, risks and opportunities.
- 8) The guiding principles for the disposal of land should be established and followed to ensure the most advantageous community value is gained from the disposal.
- 9) The conflicting values in the current assets register for land held needs to be reviewed and addressed based on the agreed valuation principles.
- 10) The values in the assets register where the source of the valuation cannot be established needs to be reviewed and addressed.
- 11) The omission of leased but owned assets from the asset register, like the Village Hall and the Sports and Social Club needs to be addressed.
- 12) The implication of holding a property as a domestic landlord needs to be identified with the associated risks being appropriately managed.
- 13) The implication of holding a property as a 'commercial' landlord needs to be identified with the associated risks being appropriately managed.
- 14) Clarity between the Members' role and responsibilities for setting and overseeing asset related policy and process, and the Officers 'day to day' management and administration function, should be established and agreed.
- 15) The progress made in respect of asset inspections needs to be further developed to ensure all areas are covered within a comprehensive inspection schedule that is agreed, complied with and evidenced. This should include for example compliance with the terms of leases and assurance that actions required to protect and maintain Council assets are undertaken.

Who	Whole Council with all staff
Milestone	<p>The Asset Register template has been created and data is in the process of being added and updated.</p> <p>During 2023-24 Council to progress actions towards meeting the 15 points raised above in accordance with the timetable listed below. The Clerk / RFO will seek permission from Full Council for assets to be valued for insurance and replacement purposes by professional bodies where required.</p> <p>To ensure that Financial Regulations and Asset Management Policy is updated and complied with.</p>

Target Date	<ul style="list-style-type: none"> • 1-5 to be completed by April 2024 • 6 to be completed by April 2026 • 7-9 to be completed by April 2024 • 10 to be completed by April 2026 • 11 to be completed by April 2024 • 12-13 to be completed by April 2025 • 14 To be completed by December 2023 • 15 To be completed by April 2026
IA Recommendation 4.	
<p>The Council's annual turnover exceeds £200,000 and therefore, as it is best practice to comply with the requirements of the Local Government Transparency Code 2015, the Council should undertake a self-assessment of the information it publishes and how, against the requirements of the Code and respond as appropriate.</p>	
Who	F&S Committee with all staff
Milestone	<p>Website to be compliant with <u>LG Transparency Code 2015</u></p> <p><u>Transparency and Freedom of Information – Studley Parish Council</u></p> <p><u>Financial Information – Studley Parish Council</u></p>
Target Date	Completed
IA Recommendation 5.	
<p>The Council works with the Charity Commission to establish the options for the Studley Recreation Ground charity for which the Council is the sole trustee. Currently as the Council is the sole trustee there are a number of specific requirements placed on the Parish Council as detailed in the JAPG guidance (relevant extract below) and these must be complied with.</p> <p><i>5.105. Certain local councils have powers to be appointed as trustee of local, usually charitable, trusts and fulfil this role as either custodian or managing trustee.</i></p>	

- 5.106. *Charitable trusts in England are regulated by the Charity Commission which sets out minimum standards of accounting and audit requirements where these are not covered by the Trust Deed. The Charity Commission also requires annual reporting by registered charities.*
- 5.109. *If the authority has disclosed that it is a sole managing trustee it must also complete the associated assertion in the annual governance statement.*
- 5.110. *Authorities should ensure that each trust or charity has its own bank account. Only amounts paid and received through that account should appear in the accounts of the charity.*
- 5.111. *If, exceptionally, the authority's bank account is used to receive monies intended for the trust or to pay for any expenditure on behalf of a trust (prior to recovery from the trust account), then these transactions, including any irrecoverable VAT, must be included in the AGAR of the authority as being its own receipts/income and payments/expenditure during the year and to the extent that they are yet to be recovered or paid over reconciled as debtor and creditor amounts.*
- 5.112. *Where, following legal advice, authorities are wholly managing the assets of a charity, a Memorandum of Understanding should be in place.*
- 5.113. *Meetings of the authority when it is acting as charity trustee must take place separately from those of the authority acting as the authority. Separate minutes must be kept. In order to avoid confusion, trust business should always be minuted separately from authority business. Separate notices and agendas for meetings should be issued.*
- 5.114. *Charity VAT is covered by VAT Notice 701 which is entirely separate from Notice 749 for smaller authorities. Advice should be sought if there is uncertainty.*
- 5.115. *The value of trust property must not be shown in the authority's books of account and on the AGAR as authority property. Trust assets held by the authority as custodian or managing trustee should, however, be recorded in the authority's asset register and identified there as 'charity assets held by the authority as trustee' with their value excluded from the total.*

Who

Full Council with all staff

Milestone	During 2023-24 Council to commence actions towards meeting both the responsibilities of the Charity and the Parish Council. The Clerk / RFO will seek permission from Full Council to employ an experienced lawyer in this field before carrying out further actions.
Target Date	March 2026
IA Recommendation 6.	
The Council should work with the Studley Millennium Green charity's trustees and the Charity Commission to establish the relationship between the Council and the Charity, to verify the financial position and to determine future options for the Charity given it has been inactive in recent years.	
Who	F&S Committee with staff
Milestone	Studley Millennium Green Trust to either: <ul style="list-style-type: none"> 1. Function according to the Trust Deed, i.e. meet at least annually, appoint at least 3 more trustees, identify management of site. OR 2. Wind up the charity.
Target Date	March 2026