

Town & Parish Council Audit Services  
47 St Pauls Crescent, Coleshill, Birmingham B46 1BB  
Tel 07503 002948

# INTERNAL AUDIT REPORT

NEW FRANKLEY IN

BIRMINGHAM

FINANCIAL YEAR 2024/25

## 1. Background and general summary

Town & Parish Council Audit Services has been appointed by New Frankley in Birmingham Parish Council to provide an independent internal audit for the financial year ending 31<sup>st</sup> March 2025. The Audit is provided on the basis of information provided by the Clerk to the Council, along with a review of the supporting records, together with audit of information available on the Council website.

1. New Frankley in Birmingham Parish Council is made up of twelve Councillors representing wards within the parish with the quorum for meetings being 3
2. The Council currently has 2 vacancies with minutes of meetings clearly demonstrating and documenting due process being followed to fill vacancies in accordance with statute.
3. The Council has the following Committees with appropriate terms of reference which are available on the Council website ; Finance & Management Committee, Planning, Environment, Highways and Public Transport Committee, Staffing Committee and Appeals Committee. The Parish Council also has representation on External Bodies which is publicized on the website and includes City Councils Standards Representative, Balaams Wood Management Representative, Flood & Emergency Representative and Frankley Carnival Representative.
4. Full Council Meetings are held monthly (except August) with meeting dates, along with Committee meeting dates, published on Parish Council noticeboard and the website.
5. There is evidence of some training undertaken by Councillors during the year – this being Whistle Stop Training. I would recommend an evaluation of Councillor training needs, to include refresher training, with an appropriate allocated Councillor training budget to ensure that Councillors continue to update their knowledge and skills on governance matters, powers and responsibilities as a matter of good practice.
6. The Council is a member of the Association for Local Councils and also National Association of Local Councils with evidence in the minutes of resources and advice being utilized by the Council
7. 13<sup>th</sup> edition of Local Council Administration is utilised by the Council
8. The Council has a grant scheme (details available on website) and a relevant Grant Awarding Policy as agreed by the Council which has been reviewed during the audit period and demonstrates appropriate use of powers granted under legislation, and a thorough process for considering, granting and monitoring grants.
9. The Parish Council has not signed up to the Civility and Respect although information was circulated to Councillors in 2022 regarding training. The Parish Council may wish to review.
10. The Council held its Annual Parish Assembly in accordance with legislative requirements

### RECOMMENDATIONS :

- Review of Councillor training needs, with adoption of Training Policy and Plan with associated Councillor training budget.
- Consider adoption of Civility and Respect.

## 2. Actions/recommendations following 2023-24 Audit

**Following the Internal Audit for 2023/24 the following recommendations were made :**

- Adoption and publication of Lone Working Policy, Grievance Policy and Disciplinary Policy – Parish Council noted recommendation and implemented
- Minute numbers recorded consecutively - Parish Council noted recommendations and implemented
- Use of Council specific email addresses and .gov email – Parish Council noted recommendations and implemented
- Coding of Petty Cash Receipts – Parish Council noted recommendations and implemented

**Following the External Audit for 2023/24, I can confirm that the Town Council undertook the following :**

1. Electors rights – notice for the period for the exercise for the public rights were published and included the first 10 working days in July in accordance with requirements. Published dates were 5<sup>th</sup> June 2024 to 15<sup>th</sup> July 2024
2. The Parish Council completed the Annual Governance Statement and Accounting Statements which are displayed on the Council website
3. AGAR for 2023/24 was duly published on the Council website
4. Internal and External Audit reports were received by the Council, minuted and duly displayed on noticeboard and website.
5. The Council reviewed and minuted the effectiveness of the Internal Audit

### **RECOMMENDATIONS**

No further recommendations on any of the above points.

## 3. Working documents, Policies and procedures

**OBJECTIVE :** To ensure that the Council has both statutory and recommended documents, Policies and procedures in place to enable the Council to meet its statutory duties

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Minutes were reviewed to evidence correct procedures
- Evidence was sought within the minutes to show adoption of required Policies
- Evidence was sought from the website to review Policies adopted

### AUDIT SUMMARY

1. The Council reviewed and adopted their Standing Orders in May 2024 and Financial Regulations in June 2024, in accordance with NALC model policies and to reflect changes required for the efficient and legal running of the Town Council.
2. The Council regularly reviews and updates a range of Policies throughout the year. During the year audited the following policies were evidenced ; Financial Regulations, Standing Orders, Health and Safety Policy, Safeguarding Policy, Social Media Policy, Internal Controls Policy, Grievance Policy, Equal Opportunities Policy and Data Protection. These policies were available to view on the website in an accessible format.
3. From April 2025 all Councils must have an IT Policy detailing how Clerks, Councillors and other staff should conduct authority business in a secure and legal way when using IT equipment and software. This will relate to the use of authority owned and personal equipment. Although this will be reviewed in the 25-26 audit, I highlight to enable the Council to action if not already done so.
4. In accordance with statutory requirements a summons is included in the Agenda to each Councillor, which is signed by the Clerk and displayed a minimum of three clear days in advance of the meeting according to statutory requirements. Agendas and Minutes for all meetings provided to Councillors, displayed on the noticeboard and available on the Council website in an accessible format.
5. Agendas provide opportunity for Councillors to declare any interests on Agenda items with Members Interests forms duly completed by each Councillor, which is published on the Council website along with links to their completed forms.
6. Agendas and minutes are held and available for inspection in a minute book. Minutes are approved by Council, then signed and dated by the Chair (recorded within the minutes)
7. Apologies for absence are recorded within the minutes and whether they are accepted or not accepted. Minutes should clearly record apologies along with the reason going forwards to avoid the operation of the six month rule (see Charles Arnold Baker page 47).
8. The Chair and Vice Chair sign and complete their Declaration of Acceptance of Office which is duly recorded and Councillors have each signed a Declaration of Acceptance of Office.

# INTERNAL AUDIT

9. A list of Councillors and their responsibilities, roles and Committee membership is published and available on the Council website where applicable.
10. The Council partly meets its statutory requirements in accordance with GDPR and has implemented GDPR policies.
11. The Councils adopted Data Protection policy covers Subject Access Requests (SAR), Data breaches and use of CCTV. Council should ensure relevant logs for these are maintained and reported to Council as required. Post audit period Council has appointed a Data Protection Officer
12. The Council is registered with the Information Commissioner. The Council has implemented a Freedom of Information Policy based on the ICO Publication Scheme, the latter of which is duly publicised.
13. The Council has a website which conforms to the current Accessibility regulations, with documents published in an accessible format. The Parish Council does not have a Website Accessibility Statement and Privacy Notice which I recommend be adopted and published. Five years of financial information along with audit information is included on the Council website.
14. The Council has a Publication Scheme which is adopted, reviewed and published detailing all categories of information available, the format through which it can be obtained and associated costs.

## RECOMMENDATIONS

- It is a recommendation for minutes to also record all reasons for Councillor apologies going forwards, to avoid the operation of the six month rule for disqualification (see Charles Arnold Baker page 47)
- That the Parish Council has an Accessibility Statement and Privacy Policy for Council website – note Privacy Policy adopted post audit period
- That the Parish Council has a Subject Access Request Disclosure log and Data breach log with entries reported to Council if required
- Ensure that the Council has an IT Policy in place which applies to staff and Councillors to comply with legal requirements from April 2025, and relevant to Council and personal equipment (new Assertion 10 in Audit requirement).

## 4. Budgetary Controls and Financial decisions

**OBJECTIVE :** To ensure that a budget has been accurately prepared by the Council and adopted in the process of setting the Precept

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Minutes were reviewed to ensure reference to the budgets prepared
- Evidence was sought within the minutes to show benchmarking of budgets against actual income and expenditure
- Current income and expenditure has been discussed by the Council in relation to the following years budget and preparation of year end profit and loss account

**AUDIT SUMMARY**

1. The Council meets monthly throughout the year at which financial information is considered and approved by the Parish Council, this being accounts for payment, invoices and bank statements along with a bank and cash reconciliation
2. A Councillor who is not a signatory is appointed each year to independently check and monitor the accounts.
3. All accounts for payment are reported to the Council for approval at its monthly meetings, with any interim payments being approved retrospectively. The bank mandate was reviewed during the audit year. The Parish Council has three bank signatories. The two Councillor signature (digital authorisation) rule is applied with two members of the Council who are bank signatories. I would recommend that the Council consider increasing the number of signatories so that additional signatories are in place to cover in the event of sickness, absence, death etc..., so there is no delay in banking or difficulties accessing banking facilities. Retrospective and forthcoming payments are included as an Agenda item and minuted.
4. An electronic payment procedure covers budget control and administration for all payments with eight Councillors approved for authorising payments.
5. The Council prepares and approves a budget in a timely manner before setting its Precept prior to the commencement of the financial year. Income and expenditure is reconciled at the point in time with projected forecasts to the end of the financial year. Current and forward budget is broken down into areas of income and expenditure in appropriate headings and minutes demonstrate a detailed analysis of the requirements for the forthcoming financial year. Income clearly identifies Precept income and other income.
6. When setting the budget and considering the Precept request, Dispensation requests are not submitted by individual Councillors and this should be included in the future, with the appropriate form being submitted to the Clerk and authorisation recorded in the minutes.
7. Year end accounts are produced in a timely manner and accounts signed off by Parish Council
8. The audit concludes that arrangements are in place to enable the preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices. At their meeting on 16<sup>th</sup> December 2024 the Council set their budget at £100,455 with Precept at £48,656
9. Receipt of Precept is evidenced in bank statements

# INTERNAL AUDIT

10. Tenders and quotations for services are managed in accordance with adopted Financial Regulations and tendering procedures are demonstrated as being implemented thoroughly and documented in the minutes.
11. In accordance with JPAG recommendations the Council adopted a Reserves Policy covering both General Reserves and Earmarked Reserves and the process for managing and using reserves throughout the year and also as part of the annual budget and Precept setting process.
12. The Town Council does not have responsibility for Allotments.
13. The Parish Town Council does not have responsibility for Burials.
14. The Parish Council does not have any responsibility for building lettings
15. The Council operates a Petty Cash system with procedures in place for management and including in monthly reconciliations. No physical check of petty cash was undertaken. There is a limit of £500 with minutes reflecting use of petty cash and authorisation by Council.
16. The Parish Council has a bank debit card with procedures in place for management and risk - there is a £200 limit per transaction with a limit of £5000 per month, with minutes duly reflecting authorisation of expenditure. The card is kept in a locked draw at the Parish Council office.

## RECOMMENDATIONS

- When setting the Precept and budget to ensure that the minutes document receipt of Dispensation requests from Councillors and decisions regarding approval/refusal.

## 5. Risk Assessment

**OBJECTIVE :** To ensure risks are identified and managed effectively

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Review of Council Risk Assessment and areas covered
- Audit of payments linked to Council minutes
- Testing of income and expenditure processes
- VAT recovery procedures

**AUDIT SUMMARY**

1. The Council has the appropriate insurance cover in place which is reviewed annually – this was reviewed June 2024. Insurance cover includes Insurance cover includes Public liability £10,000, Employer liability £10,000 and Money & Fidelity Guarantee £150,000. Insurance cover is linked and evidenced back to robust risk assessment and valuation of Council assets.
2. Asset Register reviewed by Committee in November 2024 with up to date valuations and provided to Insurance company, which is clearly documented in Council documentation.
3. The Council has a Statement of Internal Control as part of its risk management and inspections of property and equipment by staff or Councillors are undertaken. A schedule of assets is maintained by the Council. The statement of Internal Control includes arrangements for Internal Audit and External Audit. There is an annual review of the effectiveness of Internal Controls. This provides a robust system of risk assessment and managing risk.
4. Risk Assessment and Management document reviewed which clearly identifies risk by category, risk description, probability and consequence along with risk level eg high, medium or low. It provides detailed consideration of presenting risks and appropriate action taken ie Annual assessment of Equipment Safety through Annual Certificate of Maintenance, PAT testing, risk assessment of office premises. There is evidence of ongoing risk assessment throughout the year which is activity specific ie removal of graffiti and use of chemicals, events.
5. Testing of income and expenditure through audit trail was undertaken which demonstrated that the Parish Council adheres to Financial Regulations and implements appropriate procedures :

**RECOMMENDATIONS**

None



# INTERNAL AUDIT

## Assets

**OBJECTIVE :** To ensure a complete and accurate register is kept detailing all the assets owned by the Parish Council

### WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Confirmation of Council Asset Register
- Ensure assets have adequate description to enable them to be identified
- Ensure assets have cost value and there is process in place for inspecting and re-evaluating costs

### AUDIT SUMMARY

1. The Council holds an up to date Asset Register and this is reviewed annually, with items purchased added and valued and a process in place for removing items off the Asset Register.
2. The Asset Register clearly identifies the asset and value for insurance purposes and transparency.
3. The Asset Register is not published on the Council website as a public document and I would recommend that the Council does this
4. The Parish Council does not own any land or buildings
5. Parish Council Assets have been inspected for risk and this is duly documented and minuted - staff/Councillors undertake a physical inspection of all assets (F & M Committee November 2024)
6. Risk assessment and management covers items on Asset Register
7. A process is in place for re-evaluating costs and links with Council insurance cover - Parish Council provides annual update of Asset Register valuations and risk as part of renewal process.

### RECOMMENDATIONS

I would recommend that the Asset Register be displayed on the Council website for transparency

## Payroll and HR

**OBJECTIVE :** To ensure amounts paid as salary are correct and have been subject to PAYE/NIC deductions which have been calculated in accordance with PAYE regulations. To ensure that all deductions have been paid over to HMRC within time constraints. To ensure that pension deductions have been calculated at the correct rate and paid over to the required body in accordance with Pension Regulations.

### WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Review of procedures for salary payments
- Review of procedures for implementing tax codes and relevant deductions
- Review of pension deduction procedures and reporting to relevant pension scheme
- Review to ensure that payments are accurately authorised by the Council and recorded in minutes of meetings
- Review of relevant employment practices and procedures to ensure good governance
- Ensure that any contractual changes are recorded

### AUDIT SUMMARY

1. The Parish Council has a Staffing Committee with approved terms of reference to act under delegated powers in relation to staff recruitment.
2. All staff have been issued with Contracts of Employment. References were not taken up on appointment, which is a requirement under insurance policies for Parish Councils – recommend updating recruitment policy to ensure this is undertaken in future.
3. The Clerk is not CILCA or ILCA qualified and the Parish Council however the minutes reflect the Councils support in facilitating achievement of this qualification. There is an allocated staff training budget of £300 and evidence of relevant staff training to enable the Council to deliver services. Staff training during the audit year has included Year End procedures, Managing Volunteers and Scribe training.
4. The Parish Council is registered with HMRC with appropriate Tax and NI deductions submitted on a monthly basis
5. The Parish Council is registered with the Pensions Regulator and all staff are offered access to a Pension Scheme, which is NEST.
6. There are no home working allowances paid
7. Staff appraisal is undertaken periodically (1 – 2 years) and I would recommend annual staff appraisal be undertaken going forwards.
8. There is evidence within Council documentation/bank statements of salary payments along with the relevant statutory requirements regarding Tax and NI insurance contributions included within the budget headings, and supporting documentation provided. The Council uses the services of an independent external payroll provider.
9. Evidence within accounts and minutes authorising payments to NEST Pension Fund for staff with an audit trail provided back to bank account statements.
10. There is also evidence of authorisations to HMRC for tax and National Insurance payments

11. There is record within the minutes of the Parish Council approving the implementation of the Local Government Pay Award for 2024/25, which by default ensures that the national minimum and national living wage limits are paid.
12. There was no evidence of a Disabled Access Audit which is a statutory requirement required to comply with the Equality Act 2010
13. HR policies and procedures in place include Grievance Procedures, Equal Opportunities and Lone Working Policy. I would highlight Best Practice Policies and Procedures recommended which include Working Time Policy, Bullying and Harassment/Dignity at Work, Equality and Diversity, Computer Use, Training Statement of Intent, Employee Code of Conduct and Use of own vehicle for work.

## RECOMMENDATIONS

- For the Parish Council to give consideration for adoption of Best Practice HR policies
- To comply with Equality Act 2010 adoption of Disabled Access Audit
- Staff be given annual Staff Appraisal

## Bank and cash income and expenses

**OBJECTIVE :** To ensure systems in place for the accurate recording of all income and expenditure is sufficient and free from material error or misstatement. To ensure that all expenditure has been authorised by the Council and minuted accordingly and that all income can be verified to the source

### **WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Bank reconciliation has been checked for arithmetical accuracy. Brought forward balance agreed to previous year reconciliation
- Bank balances have been agreed to bank statements as at 31<sup>st</sup> March 2025 and receipts and payments totals agreed
- A sample of costs verified against meeting minutes, vouchers, authorized payment, paid in accordance of the instructions, VAT correctly recorded

### **AUDIT SUMMARY**

1. The Parish Council uses Scribe accounting software and operates on an income and expenditure basis, operating with a current account and also a deposit account
2. The Parish Council receives a monthly reconciliation for both the current and deposit account and this information is available to view on the Council website, along with copies of Invoices (submitted as additional information for meetings) on occasions. Supplier invoices displayed on the website contain details of suppliers bank accounts, and unless consent has been obtained for this information to be in the public domain, in line with GDPR requirements I would recommend that bank details are blanked out.
3. Bank reconciliations are presented and approved by the Council in accordance with procedures outlined in Financial Regulations and audit checks completed for arithmetical accuracy with no concerns.
4. Bank account is held with reputable high street bank with all accounts being covered by the Financial Services Compensation Fund to the value of £85,000. Bank statements are made available to all Councillors as well as income and expenditure information to note and approve against budget. .
5. Records of payments are contained within documentation supporting the minutes of the meetings and approved for payment by the Parish Council, detailing payee, amount and purpose of payment, along with VAT amount and category of VAT. VAT is reclaimed by the Parish Council on a regular basis.
6. Accounts allow for breakdown of income and expenditure by budget category and a separate entry is provided for Section 137 expenditure and also VAT
7. A debit card is used with appropriate procedure within Financial Regulations and also the Financial and Administrative risk assessment.

8. There is no record within the minutes of the annual advertisement of Cllrs allowances and expenses on the noticeboard (whether these be zero or for a sum of money). See previous recommendation.

## RECOMMENDATIONS -

- Ensure that the Parish Council is not breaching GDPR with regards to making supplier bank details available on Council website.
- Ensure that minutes record compliance with statutory requirement to display Councillor allowances and expenses (even when zero figure)

# INTERNAL AUDIT

## TOWN AND PARISH COUNCIL AUDIT SERVICES

47 St Pauls Crescent, Coleshill, Birmingham, B46 1BB

Email : TPCauditservices@outlook.com

Tel 07503 002948

### NEW FRANKLEY IN BIRMINGHAM INTERNAL AUDIT 2024/25

In accordance with my Internal Audit report, controls and procedures have been audited in accordance with the Governance and Accountability for Local Councils Practitioners' Guide.

Recommendations for improvement have been identified within the content of my Internal Audit Report for Council consideration.

I confirm that I do not have any role within the Council and carried out my audit without bias and follow the Public Sector Internal; Audit Standards 2012 to enable the Council to comply with these Standards and Accounting regulations.

I can confirm that there are no areas of concern and no matters to raise. The Council has strong and robust governance procedures and is well guided by an experienced Clerk and RFO.



Louise Baudet

Town and Parish Council Audit Services

9<sup>th</sup> June 2025