

**Explanations to the External Auditor where responses have been recorded as no on the 22-23 Annual Governance and Accountability Return**

**Annual Internal Audit Report**

**B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.**

During the year in question, the Parish Council had yet again experienced considerable difficulty in appointing a permanent and suitable Clerk/RFO, and for ten months this role was, in fact, carried out by five separate individuals (including two Chairs) all of whom had varying degrees of experience and expertise. Indeed, it proved necessary to dismiss one Clerk/RFO for failing to discharge properly their financial and other responsibilities. Against this background and without a permanent and fully-trained Clerk in place to guide the Council and to advise on the detailed requirements of the Financial Regulations, there were unfortunately a very limited number of instances where full compliance did not take place. With the appointment of an appropriately qualified Clerk/RFO from 1 February 2023, the Parish Council is confident that this issue has been resolved going forward.

The Parish Council notes that the Internal Auditor has particularly highlighted the way in which the Parish Council renewed its insurance policy in June 2022 and failed to seek prior authority for the expenditure so incurred. The action taken was, however, necessary to ensure that the Council was not left in a position whereby it had no insurance cover in place and a report on the matter was submitted retrospectively to the next available meeting, with the payment being recorded in the minutes. The problem had arisen as a consequence of a former Clerk (and unbeknown to the Parish Council) not changing the policy contact details as he was required to do and refusing to forward on renewal reminders. The Parish Council has, however, taken steps to ensure that such an "oversight" can no longer occur.

**I. Periodic bank account reconciliations were properly carried out during the year**

For the reasons set out in B above, there was a brief period during the year when Bank Reconciliations were not submitted to the Parish Council in accordance with the requirements of its Financial Regulations. However, since the appointment of its new Clerk/RFO in February, such reporting has now become a standing item on each agenda and the Parish Council is fully confident that that full compliance will now be achieved. The Parish Council would, however, wish to point out that at the year-end all expenditure was fully and properly accounted for.

**Annual Governance Statement**

**2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness**

The Parish Council wishes to confirm that it is fully cognisant of its responsibilities as they relate to the safeguarding of the public purse and the resources in its charge. It is also pleased to note that there was no suggestion from the Internal Auditor as to the misappropriation or inappropriate use of any such monies. However, the Parish Council does accept that for the reasons stated above, there were a limited number of instances where internal control was not exercised in full accordance with Financial Regulations. The appointment of an experienced and qualified Clerk will, however, ensure that it will now be able to comply fully with its responsibilities in this regard.

It also notes that the Internal Auditor referred to the September PWLB repayment being returned as unpaid "due to lack of funds". In fact, there were more than sufficient funds in the Parish Council's Reserve (Interest Earning) Account to cover the payment but due to an oversight the necessary transfer of funds to cover the payment did not take place. This was an isolated occurrence, and the Parish Council took immediate steps to ensure that it could not happen again. The Parish Council will also take forward the Auditor's recommendation to implement a working Capital Reserve Policy to minimise further the risk of this happening again.