WRPC Financial Governance and Internal Audit Arrangements

This note provides a brief overview of the 2025/26 financial management and internal audit arrangements for Wyck Rissington Parish Council .

1. Acting RFO

Following the resignation of the previous RFO in 2024 without notice or handover, I(a life member of the ICAEW) stepped in as Acting RFO as an emergency measure at a difficult time for the Council around the preparation and adoption of new Financial Regulations and other challenges. There was no other candidate (whether Councillor or third party) willing or available at that time to take on that role. . Generally Parish Councils are advised not to appoint the Chairman as RFO (see further below) There have been various efforts to find a permanent replacement and these are ongoing. These have been hampered by time spent on historic issues which have also arguably necessitated greater financial expertise than would otherwise be usual for a RFO to a Parish Council.

2. Legislative and Regulatory Framework

The relevant aspects of the legal and regulatory framework are :

- •Section 151 (LGA 1972) mandates that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. These arrangements are set in WRPC’s Financial Regulations whereby the Council has delegated the responsibility for arranging the internal audit to the RFO

•Accounts and Audit Regulations 2015 S5 states: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.” This guidance is provided by The Smaller Authorities Proper Practices Panel (SAPPP).

•Its Practitioners' Guide (the **Guide**)is divided into distinct sections with varying levels of authority. Sections 1 and 2 comprise the Proper Practices that a Council should follow to complete its Annual Governance and Accountability Return (AGAR). Section 3 does not apply to WRPC. Section 4 provides specific “Non-Statutory Guidance" regarding Internal Audit, while Section 5 contains supporting information and examples.

•Paragraph 1.9 (inserted on 28 March 2025) states : “The proper segregation of duties means that the Chair of the authority or of the Finance Committee must never be appointed (even on a short-term basis) either as Clerk or as RFO; other members may perform these roles, unpaid, on a short-term basis providing appropriate safeguards are in place or if their appointment is unavoidable to ensure statutory functions continue to be fulfilled.” Prior to the Council's 25/6 financial year this was in Section 5 and therefore only a recommendation

•Paragraph 4.15 states:"It is a matter for the authority to determine how best to meet the statutory requirement for internal audit, having regard to its size, scope of services and complexity of financial arrangements."

3. WRPC Internal Audit

I have arranged for Simon Lanyon to continue as our Internal auditor for the 25/26 AGAR. He is independent of WRPC financial management and internal control risk management. As Wyck Rissington's financial activity is exceptionally low, with approximately 20 transactions annually and assets held in only two bank accounts he is able to carry out a 100%

substantive audit of all transactions. Bearing in mind that all cash payments need two signatories, presently the RFO and the Clerk, the effectiveness of the basic financial system and risk management can be readily established. The Internal Auditor will also have reference to the Financial Regulations and Risk Management Plan and may make such other enquiries as he considers necessary to complete the Annual Internal Report in the AGAR in which he is required to specifically confirm whether WRPC has set up effective financial management arrangements. I would expect to brief him on risk and financial implications of the ongoing legal proceedings with Brian Finnimore as necessary.

The Guide at 1.9 is expressed in mandatory terms. This is not consistent with the statutory requirement – see wording above - whereby the Council is responsible for undertaking an internal audit to confirm effectiveness "taking into account" the guidance (which also includes a determination under 4.15 of the Guide as to size, scope of services and complexity of financial arrangements). Peter Watson has separately reviewed the position and confirms that this analysis is correct. I have arranged for this internal audit to be done with every expectation that Simon Lanyon will find it no less so effective than in previous periods.

4. Conclusion

After considering this overview WRPC should formally confirm that it has taken into account the legislative framework and the relevant provisions of the Guide in order for an effective Annual Internal Audit in 2025/6 to be undertaken.

We should make further efforts to find a permanent RFO during 2026/7 to regularise the position and split responsibilities.