

Crudwell Parish Council

Internal Audit Report 2022-23

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*For and on behalf of
Auditing Solutions Ltd*

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control. The results of our work and a summary of the Council's accounts is reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2022-23 financial year. We wish to thank the Clerk for enabling the process, providing all necessary documentation in electronic format to facilitate completion of our review.

Internal Audit Approach

In undertaking the review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' which is part of the AGAR process and requires independent assurance over specified internal control objectives.

Overall Conclusion

We have concluded that, based on the satisfactory completion of our annual programme of work, the Council has maintained satisfactory and effective internal control arrangements.

We have completed and signed the 'Internal Audit Report' in the year's AGAR assigning positive assurance against the specified control areas.

We request this report is presented to Members and the Council confirms to us when this has been done.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk has maintained the year's accounting records in spreadsheet format, detail of which has been used to feed into the year-end financial report at Section 2 of the AGAR. Given their low volume, we have verified detail of all transactions for the year, as recorded in the cashbook to the Lloyds' current and deposit bank account statements, also verifying the accuracy of the brought forward balances as at 1st April 2022 to the prior year' closing balances. One cheque drawn in the prior year, number 1450 for £399.99 was not presented and was written back in 2022/23.

We have checked and verified the year-end bank reconciliations, (31st March 2023). We agreed with the Clerk the figures for disclosure in the AGAR at Section 2, Box 8.

Conclusion

We are pleased to report that no issues have been identified in this area this year warranting formal comment or recommendation.

Review of Corporate Governance

We have examined the Council minutes for the financial year as posted on the website at the time of our review, to determine, as far as we are reasonably able to ascertain, whether or not any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability, also that the Council has not undertaken nor is planning to undertake any work or decisions that may result in ultra vires spending. We are pleased to record that no such issues appear to exist at present or to be developing.

We note the Council reviewed and adopted its Standing Orders in September 2018 basing these on the NALC model. We note the Financial Regulations were reviewed in March 2022. The Council adopted its policies and publication scheme at the meeting held in December 2022.

We note the Council is posting detail of its finances on its website.

It is a requirement for the internal auditor to check the prior year accounts were advertised and the exemption certificate from external audit review was completed, we have confirmed this was done.

Conclusion

The Council considers governance issues, there are no matters arising from our review in this area.

Review of Expenditure and VAT

Our objective in this area is to ensure that the Council has appropriate arrangements in place to monitor and control the incurring of expenditure and for the approval and authorisation of payment release. We note payments are mostly by cheque with some direct debits. Details of individual payments are recorded in the minutes posted on the website.

We have reviewed a sample of payments made during the year to ensure that they were supported by a suitable invoice. Our sample comprised 15 payments and totalled £7,749 by value, representing some 48% of non-pay expenditure in the year of £16,203. All payments in our sample were supported by invoices. We note invoices were stamped and signed by two councillors.

We reviewed further the cash book, checking on a sample basis, to confirm payments were recorded in the minutes. We further noted that VAT was recorded and reclaimed periodically.

Conclusion

Based on our work the Council's payments are approved and supported by suitable documentation.

Assessment and Management of Risk

The Governance and Accountability Manual requires all councils to consider, develop and adopt formally at least once annually a suitably designed financial risk assessment register. We note that Crudwell has one covering financial and management risks. This was most recently adopted in March 2023.

We note that the Council's insurance cover is provided by Zurich with public liability cover at £12m, employer's liability at £10m and Fidelity Guarantee cover at £50,000. There is cover also provided for equipment.

We note that the play area is subject to independent safety inspections.

Conclusion

The Council has arrangements for managing risks.

Budgetary Control and Reserves

We note the Council regularly reviews the budget in year with quarterly accounts being prepared.

The Council considered its 2023/24 budget and precept at the meetings held in December 2022 and January 2023. The precept was set at £15,831.

Balances at 31st March 2023 totalled £37,237 including a general reserve of £8,000. Spending in 2022/23 totalled £19,725. Balances are sufficient.

We reviewed variations in income and expenditure year on year noting the additional grants received in 2022/23 and also the backdated VAT recovery.

Conclusion

No issues arise in this area warranting formal comment or recommendation.

Review of Income

The Council receives, in addition to the annual precept, income from bank interest, grants and donations, allotment rents and recoverable VAT. We have:

- Agreed the precept for 2022/23 of £15,732 to the amount set and recorded in the Council's minutes and to the amount recorded on the list of precepts published by the Government detailing all demands for the year by English councils;
- Agreed the receipt of interest for the year to the bank statements;
- Reviewed the allotment register and agreed the income in the accounts to the amount showing in the register;
- Agreed the receipt of grant £9,900 to a remittance, the bank and to the minutes;
- Agreed the receipt of CIL grant of £1,224 to the minutes and the bank and a Wiltshire Council remittance advice;
- Agreed miscellaneous income of £180 from Lloyds to correspondence; and
- As previously noted we reviewed the VAT reclaims done during the year.

Conclusion

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Petty Cash Account

We are required to confirm in the AGAR the Council's control over petty cash as appropriate.

We note the Council's policy not to maintain any form of cash float. Any out-of-pocket expenses incurred are reclaimed and paid accordingly in line with normal trader payment procedures.

Salaries and Wages

We note the Council continues to use a payroll bureau to process pay and that it employed one Clerk during the year. We have confirmed that payroll costs are recorded separately in the cash book and compared costs year on year for reasonableness. We have test checked approval of salary costs to the minutes as posted on the Council website. We confirmed the pay point per payslips is consistent with the prior year, subject to the national pay award and confirmed a P60 was prepared at the year-end.

Conclusions

No matters arise from this area of our review.

Asset Registers

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We are pleased to acknowledge the existence of an appropriate register. We note there were no additions during the year, the Clerk confirming that spending on the play areas was maintenance work and did not give rise to new assets. We agreed the balance on the asset register to box 9 of section 2 of the AGAR.

Conclusions

There are no issues arising from this area of our review this year.

Investments and Loans

The Council has no funds in investments, other than the Lloyds deposit account on which a small amount of interest is received monthly. This was tested as part of the bank reconciliation work reported above. No loans are in existence.

Statement of Accounts and AGAR

Data for inclusion in the 2022-23 AGAR has been based on the cashbook and asset register detail. We have discussed with the Clerk the amounts to include in the AGAR which needed some minor adjustments to the draft AGAR to include an adjustment for an un-presented out of date cheque.

Conclusions

No additional issues have arisen in this area this year requiring formal comment or recommendation and we have duly signed-off the Internal Audit Report in the AGAR providing a copy for the Clerk's necessary further action. We also take this opportunity to remind the Clerk of the requirements of the guidance notes in the preface to the year's

AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.