



Meppershall Parish Council

Internal Audit Report 2023-24

Sally King

*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 and for the conclusions to be reported each year in the Annual Return (AGAR).

This report sets out the work undertaken in relation to the 2023-24 financial year which took place on 9th May 2024.

Internal Audit Approach

In undertaking our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential mis recording or misrepresentation in the year-end Statement of Accounts/Annual Return (AGAR). Our programme of cover has again 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' in the Council's Annual Return (AGAR), which requires independent assurance over several internal control objectives.

Overall Conclusion

We have concluded that, based on the programme of work undertaken this year, the Council has again maintained more than adequate and effective internal control arrangements. We commend the Clerk for the excellent records kept by her and thank her for her assistance during our audit, which has ensured the smooth progress of our review process.

We have completed and signed the "Annual Internal Audit Report" in the year's AGAR, having concluded that the control objectives set out in that report were being achieved throughout the financial year to a standard adequate to meet the needs of the Parish Council.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk has continued to use the Alpha software to maintain the Council's accounting records for the year: we consider the software to be more than adequate for the needs of the Council, being able to provide not only financial accounting information, but also detailed budget performance reports at any stage of the financial year.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. To that end, we have: -

- Ensured that the 2022-23 certified closing balances have been rolled forward correctly as opening balances in the 2023-24 Alpha accounting software.
- Ensured that an appropriate coding structure remains in place to provide the necessary information for inclusion in the year-end Statement of Accounts.
- We checked and agreed the financial transactions as recorded in the Alpha accounting software to the supporting for both Unity Trust bank account statements for March 2024 with no issues arising.
- Verified detail of the year-end bank reconciliations for both accounts to 31st March 2024 to the supporting Unity Trust bank statements.
- Verbally confirmed the arrangements for the back-up and restoration of the accounting system.

Conclusions.

We are pleased to report that no significant issues have been identified in this area of our review process warranting formal comment or recommendation. We have ensured the accurate disclosure of year-end balances in the Statement of Accounts and AGAR.

Review of Corporate Governance

Our objective in this area is to ensure that the Council have a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we can ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that both Standing Orders and Financial Regulations have been reviewed on and adopted at the Council Meeting held on 15th May 2023 (minute refs. 908 vi and v respectively).

We have reviewed the Council's minutes for the year to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability, also considering whether any actions have been taken or are proposed that might result in ultra vires action or expense with no obvious issues arising.

Conclusions.

We are pleased to report that no concerns have been identified in this area of our review process warranting formal comment or recommendation.

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets.
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available.
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount.
- The correct analysis has been applied in the Alpha cashbook to invoices when processed; and
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.
- VAT has been appropriately identified and recorded in such a manner to allow for its periodic recovery.

As part of our payment review, we have examined all cashbook transactions. throughout the financial year, we are pleased to note they complied to the above criteria.

We note that internet banking is now used for virtually all payments with a two-step approval, the Clerk inputs the payments on to the Unity Trust internet banking site, authorised separately by a Councillor. Bank reconciliations and bank statements are reviewed and signed monthly by 2 Councillors at Council meetings.

We also note that VAT reclaims are submitted to HMRC in a timely manner.

Conclusions.

We are pleased to report that no concerns have been identified in this area of our review process warranting formal comment or recommendation.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition. We have: -

- Noted that the Council uses LCRS software for risk assessments. The detailed report for 2022-23 was tabled and was formally readopted Councillors at the 13th March 2023 meeting (minute ref. 880 b). It was scheduled to be readopted again at the April 2024 meeting, a conscious decision by The Council to move the review from the end of the financial year to the beginning.
- Also note that the Council's insurance cover is provided by Clear Council and have duly examined the current year's policy schedule which commenced on 21st September 2023 to ensure that appropriate cover is in place, noting that both Public and Employer's Liability are set at £10 million whilst Fidelity Guarantee stands at £250,000.
- Further noted that the Council play area is inspected by the Allotments Coordinator. Additionally, there is an annual inspection undertaken by a RoSPA accredited contractor (Play Inspection).

Conclusions.

We are pleased to report that no concerns have been identified in this area of our review process warranting formal comment or recommendation.

Review of Income

The Council has received, in addition to the annual precept, recoverable Vat, and Escrow parish facilities grant. It also received income from, bank interest, allotment rentals and a contribution from CBC to grass cutting.

The 90 allotments plots are managed using the RBS software system. Tenancy agreements and invoices are emailed or posted to the plot holders annually. The council now require a deposit of £50 for new plot holders, we are pleased to note this is then held as an earmarked reserve on the balance sheet. There are no outstanding rental invoices from allotment tenants.

We have reviewed the financial ledger detail for all other income sources to ensure that no obvious omissions or variances between the years have arisen.

Conclusions

We are pleased to report that no concerns have been identified in this area of our review process warranting formal comment or recommendation.

Petty Cash Account/Clerk's Expenses

The Council does not operate a petty cash account; any out-of-pocket expenses incurred by the clerk being repaid in conjunction with her monthly salary.

Conclusions.

We are pleased to report that there are no apparent issues in this area of our review warranting formal comment or recommendation.

Salaries and Wages

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the revised local government pension scheme. We have: -

- Reviewed the Council's payroll preparation procedures.
- Noted that the payroll is processed by the Clerk using the HMR&C Basic PAYE Tools software.
- Checked to ensure that any enhanced overtime hours are paid in accordance with appropriately prepared and certified time records.
- Checked to ensure that Income Tax and NIC deductions have been made applying the appropriate PAYE codes and NIC Tables.
- Ensured that the appropriate deductions and contributions have been paid over to HMRC in a timely manner; and,
- Verified that the appropriate net pay has been paid to each employee for the month in accord with the summary payments listing and relevant cashbook and bank statement entries.
- Noted that the Clerk's pension is paid by monthly standing order to Standard Life, an adjustment is made annually to consider any overtime /extra hours worked.

Conclusions

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

Budgetary Control and Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise. To meet this objective, we have.

- Confirmed that the budget and precept deliberations for 2023-24 commenced at the Council meeting held on 20th November 2023 with presentation of a draft budget (minute ref. 975 c). They were concluded at the meeting held on 8th January 2024 with a budget and precept being approved by Council (minute refs. 988 b & c respectively). The precept requirement was set at £78,548 annual increase of £8.57 on the previous year for a Band D household.
- Reviewed the level of retained funds at the year-end, assessing their adequacy to meet the Council's ongoing revenue spending requirements. As of 31st March 2023, the total reserve balance stood at £142,302.

Conclusions

We are pleased to report that no concerns have been identified in this area of our review process warranting formal comment or recommendation.

Fixed Asset Register / Inventory

The Governance and Accountability Manual requires all councils to maintain a register of their assets. We are pleased to note the existence and maintenance of a suitable register of the Council's Fixed Assets on a detailed excel spreadsheet which is reviewed on an ongoing basis by the Clerk and Finance Working Group. Any adjustments are approved by Full Council. The register has been updated to include additions and disposals in 2023-24.

Conclusions

We are pleased to report that no issues have been identified in this area of our review process warranting formal comment or recommendation; we have verified that the correct values have been accurately reported in the year's AGAR.

Investments and Loans

Our objectives here are to ensure that the Council is investing "surplus funds", be they held temporarily or on a longer term basis, in appropriate banking and investment institutions, that an appropriate investment policy is in place, that the Council is obtaining the best rate of return on any such investments made, that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with the relevant loan agreements.

The Council has no loans repayable either to or by it, nor are any funds held in long-term investments.

We are pleased to note that the Council has an Investment policy in place which was readopted at the meeting held on 20th November 2023.

Statement of Account & AGAR

The Accounts and Audit Regulations require all Councils to prepare annually a Statement of Accounts in the AGAR, which now forms the statutory Accounts subject to external audit scrutiny and certification.

We have checked and agreed entries in the Statement of Accounts generated by the accounting software to the underlying Trial Balance and other documentation provided. Similarly, we have checked and agreed the financial data reported to the AGAR.

Conclusions

No issues have been identified in relation to the verification of detail in the Statement of Accounts and AGAR this year.

Based on our detailed work during the year on the Council's systems of financial control and content of the detailed Statement of Accounts and that summarised detail set out in the AGAR, we have signed off the Internal Audit Report of the AGAR assigning positive assurances, in each relevant area.