

North Crawley Parish Council

Internal Audit Report 2019-20

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*For and on behalf of
Auditing Solutions Ltd*

Background and Scope

The Accounts and Audit Arrangements introduced from 1st April 2001 require all Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council implemented the process at the outset most recently using a local chartered accountant but, following a re-quoting exercise, has appointed Auditing Solutions Ltd to provide the service to the Council from 2018-19.

This report records and explains the work undertaken for the year 2019-20 which was completed at our offices.

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 and Annual Governance and Accountability Return (AGAR). Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that 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 AGAR process which requires independent assurance over several internal control objectives.

Overall Conclusion

We have concluded that, on the basis of 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 visit, which has ensured the smooth progress of our review process.

We have completed and signed the 'Internal Audit Report' in the year's AGAR having concluded that, in all significant respects, 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 Council.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

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, which we note continue to be maintained using the RBS Rialtas accounting software. We have: -

- Reviewed the 2019-20 opening trial balance detail with that in the certified 2018-19 Statement of Accounts and Annual Return;
- Ensured that the cost and expenditure coding structure is appropriate for purpose;
- In order to verify the accuracy of the year-end detail disclosed in the AGAR, we have checked and agreed detail of all transactions in the cashbook to the three Barclays bank statements for the year; and
- We are pleased to note that regular monthly bank reconciliations are completed. We have agreed the combined reconciliation at the year-end confirming there were no out of date cheques or other anomalous adjusting items.

Conclusions

We are pleased to report that there are no issues in this area of our review process warranting formal comment or recommendation. We have verified the accurate disclosure of year-end balances in the AGAR.

Review of Corporate Governance

Our objective is to ensure that the Council has robust corporate governance documentation and processes in place, and that, as far as we may reasonably be expected to ascertain (as we do not attend Council or Committee meetings) all meetings are conducted in accordance with the adopted Standing Orders and no actions of a potentially unlawful nature have been or are being considered for implementation. We have noted: -

- We have examined the Council's minutes for the year to ensure that no issues exist or are developing that may have an adverse effect on the Council's financial stability either currently or in the foreseeable future, also that, as far as we may reasonably expect to ascertain, no potentially unlawful actions or spending appear to have occurred: no such issues were identified;
- We note that payments are individually identified and recorded in the published minutes;
- We are pleased to note that updated Standing Orders and Financial Regulations have been prepared and were formally adopted by the Council at its meeting in May 2019, (minute refs 22/05/2019 and 23/05/2019 respectively).

We thank the Chairman for completing our "Corporate Governance Questionnaire", which has provided us with further assurance as to the soundness of the Council's overall governance arrangements.

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.

Review of Expenditure

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 expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

As part of our payment review we have examined a sample of 9 cashbook transactions. Our test sample totalled £6907 equating to 46% of all non-salary related payments for the year.

We note the Council continues to maintain VAT records and that the Clerk reclaimed VAT during the year.

Conclusions

We are pleased to report that there are no significant issues arising 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 in order to minimise the opportunity for their coming to fruition. We have: -

- Reviewed the Council's approach to risk management noting that a Risk Assessment appraisal was formally approved by Full Council at their meeting in May 2019 (minute ref 24/05/20)
- We note that insurance cover is provided by Ecclesiastical and we have examined the policy schedule) and consider that an appropriate level of cover exists overall for the Council's needs, with both Public Liability and Employer's Liability standing at £10 million, Fidelity Guarantee at £150,000 and Legal Expenses at £250,000.

Conclusions

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

Budgetary Control and Reserves

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount of the precept to be submitted to the parent Council and that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We are pleased to note that, at their meeting held in January 2020, Council agreed the detailed budget for 2020-21 and also agreed that the precept for 2020-21 be set at £18,202 (minute ref 23/01/2020).

Finally, we note that, as at 31st March 2020, total reserves stood at £17,458 which equates approximately to ten months expenditure. This is more the guidelines of between three and six months revenue spending.

Conclusions and recommendations

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

Review of Income

The Council has very limited sources of income, basically just the Precept, Churchyard activities, VAT recoveries and wayleaves.

We have reviewed the Cemetery income by reference to the scale of fees and charges and the supporting interment application forms for a small sample of interments during 2019-20 financial year with no matters arising. We are pleased to note that the Churchyard fees were reviewed at the April 2019 meeting.

As noted earlier in this report, we have agreed all receipts for the year from cashbooks to bank statements and other supporting documentation.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Petty Cash Account and Debit/Credit Cards

The Council does not operate a formal petty cash account, any “out-of-pocket expenses” incurred by the Clerk being reimbursed periodically through the routine payment process, detail of which

has been checked and agreed in full for the year as noted earlier in this report, nor does it operate any form of corporate debit / credit card.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Salaries and Wages

In examining the Council's payroll function, our objective is 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 National Insurance Contributions (NIC).

- Noted that the Clerk is the only employee and payroll is processed using the SAGE payroll software.

Conclusions

We are pleased to report that no matters arise in this area of our review process warranting formal comment or recommendation.

Asset Registers

The Governance and Accountability Manual requires all councils to develop and maintain a register of assets identifying detail of all land, buildings, vehicles, furniture and equipment owned by the Council.

We were previously pleased to note that the Clerk had prepared a detailed asset register on an excel spreadsheet which has been updated to include addition of a dog bin purchased in 2019-20.

Conclusions

We are pleased to report that there are no significant issues arising in this area of our review process warranting formal comment or recommendation. We have ensured the appropriate recording of these assets in the AGAR.

Investments and Loans

The Council has no loans either repayable to, or by, it.

Conclusions

We are pleased to report that there are no significant issues arising in this area of our review process warrant formal comment or recommendation.

Statement of Accounts and AGAR

The Accounts and Audit Regulations 1996 (as amended periodically) required councils to prepare a formal Statement of Accounts and supplementary Supporting Notes. With effect from March 2011, the AGAR now forms the only statutory Accounts of the Council that are subject to external audit review and certification.

We have reviewed and verified the accuracy of detail contained in the above documentation by reference to the financial information provided by the Clerk..

Conclusions

We are pleased to report that no issues have been identified in this area of our review process warranting formal comment or recommendation and, on the basis of our review work, we have completed the Annual Internal Audit Report of the year's AGAR assigning positive assurances in each relevant area and would ask that we be provided with detail of the completed Sections 1 & 2 once they have been adopted by Council and been signed off by the Chairman and Clerk/RFO.