

## **North Crawley Parish Council**

*Internal Audit Report 2022-23*

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*Sally King*

*For and on behalf of  
Auditing Solutions Ltd*

## **Background and Scope**

The Accounts and Audit Arrangements introduced from 1<sup>st</sup> 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 the 2018-19 financial year.

We have undertaken our review for the year remotely: we wish to thank the Clerk for assisting in the process, providing all necessary documentation in electronic format to facilitate completion of our review for the year and sign off the Internal Audit Certificate in the year's AGAR.

This report sets out the work undertaken in relation to the 2022-23 financial year and was carried out in our office and was concluded on 10<sup>th</sup> May 2023.

## **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, 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 '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. The Council now banks with Unity Trust Bank, for both its current account and two deposit accounts; the last one being opened in September 2022.

- Reviewed the 2022-23 opening trial balance detail with that in the certified 2021-22 Statement of Accounts and Annual Return.
- Ensured that the cost and expenditure coding structure is appropriate for purpose.
- We checked and agreed the financial transactions as recorded in the Alpha accounting software to the supporting for the Unity Trust bank account statements for 2022-23 with no issues arising.
- To verify the accuracy of the year-end detail disclosed in the AGAR, we have checked and agreed detail of the Unity bank statements as of 31<sup>st</sup> March 2023 to the bank reconciliation.
- 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 not 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 and receipts are individually identified and recorded in the published minutes.
- Reviewed the external auditor's report, issued since our last visit, to confirm they are raising no matters regarding the Councils accounts and governance.

We are pleased to note that updated Standing Orders and Financial Regulations have been reviewed and were formally adopted by the Council at its meeting on 9<sup>th</sup> May 2022 (minute ref. 22/05/2022).

### **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 22 cashbook transactions. Our test sample totalled £21,001.94 equating to 45% 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 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 held on 9<sup>th</sup> May 2022 (minute ref. 22/05/2022).
- We note that insurance cover is provided by Hiscox and we have examined the policy schedule commencing on 1<sup>st</sup> June 2022 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 and Fidelity Guarantee at £150,000.

### *Conclusions*

*We are pleased to report 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, consisting of Precept, Churchyard activities, grants, donations, VAT recoveries and wayleaves.

We are pleased to note that the Churchyard fees were reviewed at the February 2023 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.

The Council now has a corporate Barclaycard; before the card is used approval is given by the Chairman, then payments are noted in the usual way. Barclaycard statements were examined as part of out payment review.

### *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 there are only 2 employees, the Clerk, and a Village Warden.

## **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.

The Council has again, as evidenced by the supporting documentation and minutes, undertaken an appropriate exercise in determining the budget and precept requirement for 2023-24 this commenced at a budget meeting held on 15<sup>th</sup> November 2022, and was finalised at the meeting held on 3<sup>rd</sup> January 2023.

The Council agreed the detailed budget for 2023-24 and that the precept for 2023-24 be set at £22,528 (minute refs. 01/12/2022 & 01/2023/14 respectively).

The Council's general reserves on 31<sup>st</sup> March 2023 were £28,855; this equates to 9 months non-discretionary expenditure and is over the guidelines of between three- and six-months revenue spending. There are no earmarked reserves.

### ***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.***

## **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 litter bin purchased in 2022-23.

### ***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.

## **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.***