

Horningsham 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 and for the conclusions to be reported each year in the Annual Return.

This report sets out the work undertaken in relation to the 2022-23 financial year, which took place on the 10th May 2023.

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 misrecording or misrepresentation in the year-end Statement of Accounts / Annual Return. 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' as part of the Council's Annual Governance and Accountability Return (AGAR) process, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

We advise that, based on the work undertaken this year, the Council continues to maintain adequate and effective internal control arrangements. A consistently high standard of service provision has been maintained at all times. Resultantly, we have made no recommendations for improvement or Best Practice in this year's report.

Once again, we commend the Clerk/RFO, both for her continued professional management & administration of the Council's finance, and modified governance functions.

The manner in which the Council's financial records and governance documentation for review during the Internal Audit for the financial year was exemplary making the internal audit process as straightforward as possible.

We ask that members consider the content of this report and acknowledge that the report has been formally reviewed and adopted by Council.

Detailed Report

Review of Accounting Records & Bank Reconciliations

The Clerk has maintained the Council's accounting records using Excel spreadsheets, which we consider generally adequate in view of the number of annual transactions. The Council maintained one bank account with the Unity Trust Bank with all payments being made electronically.

We have checked and agreed the spreadsheet detail in full to the relevant statements for the full financial year, also verifying the accuracy of the year-end cashbook / bank reconciliation ensuring that no long-standing uncleared cheques or other anomalous entries exist. We have consequently verified the accurate disclosure of the year-end balance in the Annual Return.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Corporate Governance

We have examined the content of the Standing Orders (SOs) and Financial Regulations (FRs), both of which have been reviewed and were re-adopted formally at the Annual Meeting of the Full Parish Council on the 19th May 2023 under minute reference 22/013 'Review and Adoption of Parish Documentation.' We have examined the content of the extant SOs and FRs and consider them appropriate for the Council's present needs.

We have completed our review the Council's minutes for the current year to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability and are pleased to record that no such items appear to exist at present.

We note that the Council Resolved to Note that it was no longer eligible to use the General Power of Competence, under minute reference 22/016.

Members Resolved to Approve the Notice for the Period of Exercise of Public Rights at the Annual Meeting of the Parish Council on the 19th May 2022, under Minute reference 22/043. However, the period of the notice was correctly stated as the 5th June to the 14th July, 30 days including the first ten working days of July.

We note that the Council was exempt from a limited assurance review for the 2021-22 financial year, its turnover being less than £25,000.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Payments

We have examined the controls in place over the approval of payments for release and consider them sound.

As a result of the need to conduct this year's audit remotely, and in light of the Council's full compliance in previous year's Internal Audits, we have sampled all non-payroll related payments made during the financial year to ensure that the following criteria were met: -

- Payments were supported by a trade invoice or acknowledgement of receipt;
- VAT has been calculated correctly and is recovered at appropriate intervals;
- The members at a Council meeting approved each payment;
- There was clear evidence of approval by members on each payment document;
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts; and,
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Risk Assessment & Risk Management

We note that the Council reviewed and formally re-adopted its Risk Assessment documentation on a number of occasions during the 2022-23 financial year. The Council's Risk Registers were last re-adopted at the 12th January 2023 meeting of the Full Parish Council, under Minute reference 22/224.

The Council's insurance cover for FY 2022-23 was again arranged by Came & Co. The policy is underwritten by Axa.

We have examined the insurance schedule for the 2021-22 financial year with Public, Products and Employer's Liability cover both in place at £10 million, Hirers liability at £5 million, Terrorist Act at £2 million, Environmental clean-up £1 million, Data Protection at £1 million, Legal Liability & Expenses at £1 million, Safety Legislation at £1 million, Officials indemnity at £500,000, Employment Practices at £500K, and Liable & Slander at £500K, all of which we consider appropriate for the Council's present needs.

We note that a detailed Playground management policy, associated Risk Analyses, Inspection forms and inspection and reporting protocols are in place, with a Council Member undertaking weekly inspections. We further note that RoSPA undertook the Annual Independent Inspections that will be required from the first and subsequent annual anniversaries of the Playground's installation date.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Budgetary Control & Reserves

The Council's minutes, together with the supporting papers provided to Council indicate that members undertook a robust Budget setting and Precept determination process, and considered

and approved the 2023-34 Budget and Precept, setting the latter at £20,486.65; a total increase of £12,71 for the year on a Band D Property, which equated to £1.27 pence per month for the 10 months payments schedule (£18,770 prior year), at the 12th January 2023 meeting of the Full Parish Council under Minute reference 22/225.

We note that Councillors continue to receive regular income and expenditure reports along with the bank balance detail at each meeting.

Overall reserves as of the 31st March 2023 have reduced to £13,431 (£21,643 prior year) with no formally constituted earmarked reserves (£4,194 prior year) leaving a General Reserve fund of £13,431 (Prior year £17,449), which equates to approximately six months' revenue spending at the 2022-23 level, sitting at the midpoint of the generally recognised CiPFA guideline of retaining between three and twelve months' revenue expenditure.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Income

The Council receives only limited income, mainly from the annual precept, VAT recovered and occasional grants and donations. We have reviewed all available supporting documentation agreeing detail to the cashbooks and the Council's Year End Bank reconciliation.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Petty Cash Account

The Council does not operate a Petty Cash Account with all legitimate out-of-pocket expenses incurred reclaimed via a formal expense claim, and paid in line with normal trader payment procedures.

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Salaries & Wages

We have, as in previous years, noted that the Clerk is employed under a formal contract with part-time working hours. We have checked the basis of the clerk's salary payments for the year, and examined the salary and deductions for July 2022 in detail, together with relevant tax coding and deductions, which are paid over to HMRC accordingly with no issues identified.

We further note that the Clerk received a formal appraisal, subsequently during the Budget setting and Precept determination process. The Clerk continued to be remunerated against SCP 20 throughout the 2022-23 financial year.

We note that, although not within the financial year being audited, Members Resolved, at the 07th April 2023 meeting of the Full Parish Council, under Resolution 22/311, Member resolved that:

“The green book pay award for 2021-2022 was not agreed until now after a year of negotiations and the NALC National Salary Award for 2021-22 and needs to be paid to the Clerk as approved in her appraisal in 2021. The payment had needed to be made before the 31st March 2022 to come out of the FY2021-22 budget. The Scale Point 20 1st April 2020 was £13.15 and increased to £13.75 this is a 24 pence increase per hour. This would make a payment of 24 pence x 260 hours for the year = £62.40. (Pay Agreement attached – SCP 20).”

The corresponding payslip has been checked and verified with no matters arising.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Fixed Asset Register

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned.

We are pleased to note compliance with this requirement, the Clerk maintaining an appropriate register with values identified both at cost price or, where unknown, at the best approximation thereto, together with the annually uplifted insurance value to assist with budgetary planning for future replacements.

We note that the Council’s Fixed Asset Register was reviewed on several occasions during the 2022-23 financial year. It was last reviewed and readopted at the 23rd February 2023 meeting of the Full Parish Council, under Minute reference 22/272. The revised Fixed Asset Register value of £32,697 (Prior year £31,815) which has been correctly reported in the Annual Return at Box 9 of Section 2.

The increase is in relation to the acquisition and disposal of a number of items including the acquisition of a new laptop and printer and its inclusion on the Fixed Asset Register.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Investments & Loans

It is noted that council continues to maintain a single current account with the Unity Trust Bank. There are no surplus funds available for investments.

The Council has no loans either repayable by, or to it, as at the 31st March 2023.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Statement of Accounts and Annual Governance and Accountability Return

The Accounts and Audit Regulations, as amended periodically, require all councils to prepare annually a Statement of Accounts, which is now in the form of the Annual Governance and Accountability Return at Section 2, which is, together with the Annual Governance Statement at Section 1, subject to independent external audit examination and certification.

As part of our review process, we have examined the Council's procedures in relation to the identification of detail for inclusion in Section 2 of the Return, which is produced using Microsoft Excel spreadsheets, and used by the Clerk & RFO to provide the accounting statements. We have agreed detail therein to Section 2 of the 2022-23 Annual Governance and Accountability Return.

Conclusions

We are pleased to record that no issues arise in this area and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Report in the year's Annual Governance and Accountability Return assigning positive assurances in all areas.

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NOTE TO REPORT

We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.'s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company's data and document retention policies and with the prevailing General Data Protection Legislation.