



Datchet Parish Council

Internal Audit Report 2023-24 (Final)

Prepared by Susan Cook

*For and on behalf of
Auditing Solutions Ltd*

Background and Scope

All town and parish councils are required by statute 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 Governance and Accountability Return (AGAR).

This report details the work undertaken for our review of the 2023-24 financial year, which took place on 17th January 2024 and 21st May 2024 together with our preparatory work. We wish to thank the Clerk and Finance Assistant for providing all the records to facilitate completion of our work.

Internal Audit Approach

In commencing our review for the year, we have had regard to the materiality of transactions and their susceptibility to potential miss recording or misrepresentation in the year-end Statement of Accounts/AGAR. Our programme of work 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 'Annual Internal Audit Report' which is part of the Council's AGAR and requires that we give independent assurance over eleven internal control objectives.

Overall Conclusion

We are pleased to conclude that, in the areas examined to date, the Council continues to have effective control systems to help ensure that transactions will be recorded accurately in the financial ledger and subsequently in the detailed Statement of Accounts and AGAR.

We have duly signed off the Internal Audit Report in the Council's AGAR assigning positive assurance against the control objectives.

We wish to thank the officers for their assistance during our audit review and request that this report is presented to Members.

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Detailed report

Accounting Records and Bank Reconciliations

The Council uses the Rialtas Omega software to maintain its accounts, with separate cashbooks for five bank accounts including the Current, Reserve, Renewals and Neighbourhood Plan bank accounts operated at Unity Trust Bank, and the new CCLA Deposit Fund in September 2023.

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. We have, consequently:

- Agreed the opening balances in the 2023-24 Ledger to the closing Financial Statements / certified Annual Return for 2022-23;
- Verified that an appropriate cost centre and nominal ledger structure remains in place;
- Confirmed that the Ledger was in balance at the time of our review by running a data check on the system to confirm the trial balance agreed to the nominal ledger;
- Viewed the External Auditor's report on the 2022/23 accounts noting they raised no issues;
- Noted that the current account cash book is reconciled monthly, the other accounts quarterly. We are pleased to note that bank reconciliations are again being signed by the Lead Member for Finance and Administration;
- As a sample checked and agreed the Current Account cashbook transactions for June 2023, October 2023 and March 2024 to the relevant bank statements. We also agreed the reconciliation of the cash book to the bank statements as at June 2023, October 2023 and March 2024, noting there were no longstanding unrepresented cheques or other adjustments; and
- Noted there are few movements to date on the other accounts to 31st March 2024 this financial year.

Conclusion

The Ledger is being maintained in balance and reconciliations are performed and checked regularly.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust series of corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. Consequently:

- We note that Standing Orders and Financial Regulations were approved and adopted at the Council's Annual Statutory Meeting in May 2023. Further that the Council continues to up-date and review other key governance documents and policies;
- From our review of the Council's website, we note that detailed financial information is published including information on budgets and payments, which is good practice, and that detail of monthly payments have been posted on the website up to December;
- We note that the Council no longer has General Power of Competence as it did not have a permanent Clerk in post as at May 2023; and
- We have completed our examination of the minutes of Full Council meetings (to the end of March 2024 as posted on the website) to ensure that there were no matters arising which may have an adverse effect on the Council's financial position in both the short and longer term: no such issues were identified. We note from the minutes that the Council has set up a Finance Committee and an HR Committee, and have reviewed the minutes of the Finance Committee meeting as part of our ongoing governance review, noting that the HR Committee has not yet met.

Conclusion

The Council has suitable governance arrangements.

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

To gain assurance in this area we have tested a sample of all those supplier payments individually in excess of £1,100 together with a more random selection of every 25th cashbook transaction, irrespective of value, entered in the Omega cashbooks during the 2023-24 financial year to the end of March 2024 to ensure compliance with the above criteria. Our sample comprised 81 cash book payments, totaling £173,402 representing 65% of non-pay expenditure in the year to date.

At our first review we noted that not all invoices had been signed by Councillors' indicating approval of payment and that the payment sheets had not been signed by the Chairman of the meeting, we are pleased to note that invoices are now signed by at least one Councillor and the payment sheets signed.

The Council has a debit card for making small payments, we checked the supporting documentation to the monthly statement for the period October 2023 to March 2024, excepting February as there was no expenditure.

We are pleased to note that the contracts for the Finance Assistant and the Groundsman have been issued and signed.

We confirmed that VAT due to be reclaimed at 31st March 2023 had been received into the accounts. We have reviewed the quarterly VAT returns for the financial year cross checking them to the VAT control account in the nominal ledger and agreeing receipt of the claims into the accounts from HMRC, noting that as expected the final return is outstanding for repayment by HMRC as at 31st March 2024.

Conclusions and recommendations

We are pleased to note that there are no matters arising from this area of our review.

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 likelihood of them occurring. We have:

- Noted that the Council adopted its risk assessment at the meeting in May 2023, we have reviewed the risk assessment noting that the probability and severity of each risk is recorded;
- Reviewed the current year's insurance policy from Zurich running to 31/5/2024, cover includes:
 - Buildings insurance – this has recently been updated to reflect current values
 - Business interruption cover, loss of income up to £45,000
 - Public liability £12m

- Hirer's liability £2m
 - Employer's liability £10m
 - Motor vehicle cover
 - Fidelity guarantee cover of £500k, which we consider suitable for the Councils' purposes; and
- Confirmed the Council's arrangements for completing safety inspections of play areas, with external reports provided on a quarterly basis.

Conclusions

We are pleased to note that there are no matters arising from this area of our review.

Precept Determination and Budgetary Control

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 annual precept; 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 note that Members regularly consider the budget during the year and are provided with financial information including budget reports and details of income and payments. We have reviewed the outrun statement for the budget on Omega as at 31st March 2024, noting that income received exceeded budget by some £17k, and that expenditure was below that planned, due to a number of projects not being completed.

On the recommendation of the Finance Committee, Full Council agreed the 2024/25 budget and precept at its meeting held on 15th January 2024, with the precept set at a value of £144,531. The precept will cover the day to day running of the Council, with reserves being used to pay for various planned projects.

At the year end, 31st March 2024, balances totalled £279,429 including earmarked reserves of £193,198 and a general reserve of £86,231. The general reserve was just under 4 months spending which is within the normal range of 3-8 months for a parish council.

Conclusions

We are pleased to note that there are no matters arising from this area of our review.

Review of Income

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure the identification of all income due to the Council, to ensure that income is invoiced in a timely manner and that effective procedures are in place to pursue recovery

of any outstanding monies due to the Council. In addition to the precept the Council derives income from rents, lettings of sports pitches, burial fees and small amounts of interest and various grants and donations. At this interim review we have:

- Agreed the precept receipted into the accounts to the remittance advices issued by the Unitary Council;
- Reviewed the burial register testing four out of ten burials recorded in the year to date to confirm a certificate authorising burial was held and that the amount invoiced for the interment agreed to the scale of charges and was recorded correctly in the Ledger;
- Tested rental income on 24a The Green to the letting agent's remittance advices;
- Tested rental income on 24 The Green to the letting agent's remittance advices;
- Reviewed the unpaid invoices list, noting there are no aged debtors; and
- As previously noted in this report we have agreed three month's income from the bank statements to cash book one and agreed the recovery of VAT in the year to date.

Conclusion

We are pleased to note that there are currently no matters arising from this area of our review.

Petty Cash

The Council does not operate any petty cash accounts.

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 requirements of HM Revenue and Customs (HMRC) legislation including the deduction and payment over of income tax and NI contributions. Further we review pension contributions.

Payroll is prepared each month by the Finance Officer using the HMRC payroll tools system. Payments are approved in the same way that trade payments are authorised as described above in the section headed Review of Expenditure.

We have examined the payroll procedures in place and the payments made to staff in 2023-24 on a sample basis. We have:

- Agreed the gross pay as recorded on the December 2023 payslip for the Clerk to her contract of employment;

- Reviewed the pay slip for December 2023 to ensure tax and NI is being correctly calculated and deducted;
- We have confirmed the salary of the Administration Assistant against her contract along with the March 2024 salary report and we have checked the amounts paid over to HMRC as recorded in the Ledger are correct;
- We confirm regular payments are made to Nest in respect of pension and checked the calculation of the amounts; and
- Completed our monthly trend analysis of payroll costs, noting that there are no variances for the last three months of the year, following the earlier variances due to staff changed.

Conclusions

We are pleased to note that there are no matters arising from this area of our review.

Asset Register

Councils are required, in accordance with the Governance and Accountability manual – “The Practitioner’s Guide” to maintain a detailed asset register and to report the value of assets held in Section 2 of the AGAR.

We have reviewed the Council’s asset register and agreed it to Box 9, Section 2, of the AGAR noting that the total value quoted is based on the purchase cost of assets as required by the Regulations. We note the asset register records when the asset was purchased. We have reviewed additions to the asset register during the year sample testing to the expenditure incurred by the Council to ensure consistency.

Conclusions

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

Investment 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 adopted an Investment Policy in April 2023, in line with our previous recommendation, and funds have now been transferred to a new Deposit account with CCLA.

The Council has no outstanding loans repayable to PWLB.

Conclusion

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

Statement of Accounts and AGAR

The Accounts and Audit Regulations require all Councils to prepare summary accounts which are reported in the AGAR.

We have examined the detailed accounting records and the AGAR test checking them to the detailed accounting system (Rialtas Ledger). Specifically, we agreed the Rialtas trial balance at the year end to the accounts and ensured income and expenditure was consistent. As previously noted, we checked the accounts to the fixed asset register.

Conclusions

There are no additional matters arising that require formal comment or recommendation. We ask that we be provided with a copy of the final adopted and signed AGAR Sections 1 & 2.

On the basis of the work undertaken during the course of our review for the year, we have completed and signed the year's IA Certificate assigning positive assurances in all areas.

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.