

Datchet Parish Council

Internal Audit Report 2024-25 (Interim)

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 2024-25 financial year, which took place on 28th January 2025 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.

In the sections below, we explain the objectives of each area of our audit, summarising the work we have undertaken and the key matters arising. We identified certain areas where we consider that the control arrangements could be strengthened. These matters and our recommendations for action are set out in the report.

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 a CCLA Deposit Fund.

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 2024-25 Ledger to the closing Financial Statements / certified Annual Return for 2023-24;
- 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 2023/24 accounts noting they raised no issues;
- Noted that the cash books are reconciled monthly. We are pleased to note that bank reconciliations are again being signed by the Lead Member for Finance and Administration; and
- As a sample checked and agreed the cashbook transactions for July 2024 and December 2024 to the relevant bank statements. We also agreed the reconciliation of the cash book to the bank statements as at July 2024 and December 2024, noting there were no longstanding unpresented cheques or other adjustments.

Conclusions and recommendations

Whilst we are pleased to note that the bank reconciliations are signed off monthly, it would strengthen the process if the bank statements were also initialed by the signatories to confirm that the balance reported on the bank reconciliation is correct.

R1. The bank statement should be initialed to confirm that the balance reported on the reconciliation is correct.

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 2024. 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 2024;
- We note the Council confirmed at its meeting in May 2024, that it currently does not hold the General Power of Competence as the Clerk is working towards the CILCa qualification ; and
- We have commenced our examination of the minutes of Full Council meetings along with the Committee meetings (to the end of December 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.

Conclusion

We will continue our review at our further visit.

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 2024-25 financial year to the end of March 2024 to ensure compliance with the above criteria. Our sample comprised 64 cash book payments, totaling £116,363 representing 59% of non-pay expenditure in the year to date.

The Council has a debit card for making small payments, we checked the supporting documentation to the monthly statement for the period April 2024 to December 2024.

We confirmed that VAT due to be reclaimed at 31st March 2024 had been received into the accounts. We have reviewed the quarterly VAT returns for the financial year to December 2024, 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 the December 2024 return is outstanding for repayment by HMRC.

Conclusions and recommendations

We are pleased to note that there are no matters arising from this area of our review, we will continue our review of this area at our further visit.

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 2024, we will review the risk assessment at our further visit;
- Reviewed the current year's insurance policy from Zurich running to 31/5/2025, 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, which we will review at our further visit.

Conclusions

We are pleased to note that there are no matters arising from this area of our review, but remind that the Council should perhaps review the valuations of its properties to ensure they are adequately insured.

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.

On the recommendation of the Finance Committee, Full Council agreed the 2025/26 budget and precept at its meeting held on 16th December 2024, with the precept set at a value of £264,787.

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 all seven 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, noting a small underpayment by the agent, which the RFO has requested be rectified;

- Reviewed the unpaid invoices list; and
- As previously noted in this report we have agreed two month's income from the bank statements to cash book one and agreed the recovery of VAT in the year to date.

Conclusions and recommendations

We note from the debtor's report that two invoices remain outstanding from the football club, who have not paid the electricity recharges raised by the Council from March 2024 and July 2024 for the changing rooms. Checks have been completed by an electrician who has confirmed there are no issues with the electrics and there appears to be no reason why the invoices should not be paid.

Further to this the club has not been charged for electricity since July 24 therefore the Council is also owed funds that have not been recorded as owing in the accounts. We understand that the lease with the football club has expired.

Legal advice must be sought by the council to ensure this situation is resolved, funds due to the council should be invoiced, and collection of outstanding debts made a priority.

An updated lease should be put in place as soon as possible, which should include provision for the non-payment of invoices to the council.

R2. The invoicing for use of utilities for the changing rooms by the football club should be brought up to date to ensure the accounts are correct.

R3. Priority should be given to collection of the outstanding debts.

R4. An updated lease for use of the changing rooms by the football club should be agreed as soon as practicable.

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 December 2024. We have:

- Agreed the gross pay as recorded on December 2024 pay slips to contracts of employment;
- Reviewed the pay slips for December 2024 to ensure tax and NI is being correctly calculated and deducted;
- 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
- Commenced our monthly trend analysis of payroll costs.

Conclusions

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

Rec. No.	Recommendation	Response
Accounting Records and Bank Reconciliations		
R1	The bank statement should be initialed to confirm that the balance reported on the reconciliation is correct.	
Review of Income		
R2	The invoicing for use of utilities for the changing rooms by the football club should be brought up to date to ensure the accounts are correct.	
R3	Priority should be given to collection of the outstanding debts.	
R4	An updated lease for use of the changing rooms by the football club should be agreed as soon as practicable.	