

Ufton Nervet Parish Council

Internal Audit Report 2019-20

Chris Hackett

*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 Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2019-20 financial year, which took place on Tuesday the 21st April 2020. Due to the impact of the Covid-19 pandemic, we have undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing all necessary documentation by post to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR.

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 / 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' as part of the Council's AGAR process, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

We have concluded that, based on the satisfactory completion of our programme of work for the year, the Council has again maintained adequate and effective internal control arrangements. We are pleased to report that there are no issues arising this year warranting formal comment or recommendation.

We have completed and signed the 'Internal Audit Report', having concluded that the control objectives set out in that Report have been achieved within the financial year to a standard adequate to meet the needs of the Council.

We take this opportunity to thank the Clerk again for the exemplary manner in which the Council's Statement of Accounts and supporting documents have been presented for review this year.

Detailed Report

Accounting Records and Bank Reconciliations

The Clerk maintains the Council's financial records using a spreadsheet-based cashbook, which we consider appropriate for purpose containing, as it does, relevant analysis to assist in the production of a detailed Statement of Accounts at the financial year-end and a basis for the routine monitoring of actual income and expenditure against the approved budget.

- We have agreed the balance brought forward from 2018/19;
- 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 bank statements for the year; and
- We are pleased to note that members continue to be provided with bank reconciliations during the year and we have checked and agreed the position as at 31st March 2019 to the relevant Lloyds Bank's Treasurers Account statements.

Conclusions

We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.

Review of Corporate Governance

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

- Note that the Council has Standing Orders and Financial Regulations, based on the NALC model;
- 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; and
- Acknowledge the formal feedback to our Governance questionnaire and consider the responses to be more than adequate with evidence of effective governance control by members.

Conclusions

We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review. It is normal practice for parish councils to re-adopt financial regulations and standing orders regularly and the Council should consider re-adopting them in 2020.

Review of Payments

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;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount: we have also examined the purchase ledger detail to ensure that detail is in line with the nominal accounts; and
- VAT has been appropriately identified for periodic recovery.

Due to the relatively low number of annual transactions, we have examined all payments in the year to ensure compliance with the above criteria and are pleased to record that no significant issues have been identified. We note the Clerk completed a VAT reclaim in 2020 covering the previous three years.

Conclusions

We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.

Assessment and Management of Risk

We note that insurance cover is provided by Royal Sun Alliance PLC. We have examined the 2019-20 policy schedule to the 31st May 2020 and consider that an appropriate level of cover exists for the Council's current needs with Public Liability and Employer's Liability both set at £10 million and Fidelity Guarantee insurance set at £25,000.

We further noted that ROSPA carried out an inspection of the play area and that a register of inspections by Councillors continues to be retained evidencing when they were carried out.

Finally, in this area we checked and verified that a formal Risk assessment had been undertaken in this financial year, noting that the Council has undertaken a Risk Assessment which it adopted at its meeting in January 2020.

Conclusions and recommendation

We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.

Budgetary Control and Reserves

We note that members have considered the budgetary and precept requirements for 2020-21 formally adopting the latter at £2,900: full detail was properly recorded in the minutes of the 23rd January 2020 meeting of the Full Council. We note the Council continues to review its level of reserves as minuted at the March Council meeting.

We note that reserves stand at £9,655, although these include CIL monies with general reserves being £3,013 which represent approximately one year's expenditure. We further note that explanations for the variation in expenditure between 2018/19 and the year of audit have been provided.

Conclusions

There are no matters arising from our review.

Review of Income

The Council has limited sources of income, basically just the Precept and grants none of which require additional internal audit examination, other than agreement to bank statements and supporting documentation, which has been undertaken. Specifically, we have agreed the receipt of CIL money to remittance advices and to correspondence provided by the Clerk and we have agreed the precept to the amount recorded in the minutes.

Conclusions

We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.

Petty Cash Account

The Council does not operate a petty cash account.

Salaries and Wages

Our aim here is to ensure that the Clerk is paid in accordance with the terms of their appointment and that, where appropriate, Income Tax and National Insurance deductions have been correctly deducted and paid over to HMRC accordingly.

We note that the current Clerk is paid a limited sum, based on 21 hours per quarter, on submission of an invoice, for which no formal PAYE scheme is required. The payments being minuted.

Conclusions

We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.

Asset Registers

The Accounts and Audit Regulations 1996 (as amended periodically) require that all Councils establish and maintain inventories/asset registers of buildings, land, plant and equipment, etc. owned by them.

We note that the value of the Council's assets has been recorded in the draft AGAR and that they correctly are disclosed at cost. We have agreed the AGAR to the asset register.

Conclusions

We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.

Investments and Loans

The Council currently holds no investments, nor does it have any loans in existence either repayable by or to it.

Statement of Accounts and Annual Governance & Accountability Return

The Council's annual Statements of Accounts have, as in previous years, been prepared from spreadsheet-based cashbooks. We have checked and agreed, by reference to the closing Trial Balance and other relevant documents, the content of the Statement of Accounts and the supporting notes, detail of which is transferred to Section 2 of the AGAR.

Conclusions

On the basis of our detailed programme of work undertaken during the course of the year on the Council's systems of financial control and satisfactory conclusions drawn from our examination of the content of the detailed Statement of Accounts and the summarized detail set out in Section 2 of the Annual Governance & Accountability Return, we have duly "signed off" the Internal Audit Certificate assigning positive assurances in each category.