
Kirby Bellars Parish Council

Internal Audit Report 2023-24

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*For and on behalf of
Auditing Solutions Ltd*

Background and Scope

The Accounts and Audit Regulations introduced from 1st April 2001 require all Town and Parish Councils to implement an independent internal audit examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). The Council complied accordingly, in terms of independence from the Council decision making process, appointing a local practice to provide the service for the Council from the outset. Subsequently, we at Auditing Solutions Limited, were appointed to provide the function to the Council from the 2018-2019 financial year.

The year-end internal audit for the 2023-24 financial year has been undertaken 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 of the Internal Audit Certificate in the year's AGAR.

Internal Audit Approach

In undertaking the review for the year, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts/Annual Governance and Accountability Return (AGAR). In view of the low number of annual transactions, we have again undertaken direct substantive testing of all receipts and payments for the financial year verifying detail to the relevant underlying documentation.

This report summarises our conclusions on each of the key areas set out in the Internal Audit Report that is required under the AGAR arrangements.

Overall Conclusion

We have concluded that, based on the satisfactory completion of our programme of work undertaken during our audit, the Council has maintained generally adequate and effective internal control arrangements. We are pleased to acknowledge the quality of records maintained by the Clerk and thank her for her assistance.

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 and Bank Reconciliations

The Clerk continues to maintain the Council's accounting records using two well designed Microsoft excel spreadsheets. We consider adequate for purpose and for a Council of this size. The Council maintains two accounts, a current and reserve account, with Unity Bank.

Our objective has been 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 to date:

- Verified the "restated" opening balance with the 2023 closing Statement of Accounts as per the certified AGAR detail.
- Ensured that a full and effective spreadsheet analysis is in place and is appropriate for purpose.
- Checked and verified the details of all transactions recorded in the Unity Trust current account spreadsheet cashbook to the corresponding bank statements to the 31st March 2024, noting that all were complete and accurate and had been prepared in a timely manner.
- Checked that bank reconciliations are prepared; and,
- Verified the accuracy of detail in the bank reconciliations as at the 31st March 2024 ensuring that no anomalous entries exist.

Conclusions

We are pleased to report that no issues have been identified in this area warranting formal comment or recommendation. We have ensured the accuracy of the closing balances as declared in the AGAR.

Review of Corporate Governance

Our objective is to ensure that the Council has a robust regulatory framework in place; that Council meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain (as we do not attend Council or Committee meetings), no actions of a potentially unlawful nature have been or are being considered for implementation. We have in this regard: -

- Noted that the Council continues to remain exempt from Limited Assurance Review.
- Noted that the Council does not meet the eligibility criteria to adopt the General Power of Competence.
- Noted that the Council provided the correct period for the Exercise of Public Rights for the 2022-23 financial year.
- Noted that both Standing Orders and Financial Regulations were reviewed and readopted at the Meeting of the Parish Council held on the 15th May 2023 (minute ref. 8/23).
- Noted that the Clerk/RFO has prepared a comprehensive suite of financial and procedural documents which are reviewed and approved by Council annually.

Conclusions

There are no matters arising in this area of review 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;
- Members have met their fiduciary duties approving release of each payment in accordance with extant legislation;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The current expense codes have been applied to invoices when processed; and,
- VAT has been appropriately identified for periodic recovery.

We have examined all the transactions in the Unity Trust current account cashbook for the financial year to the 31st March 2023, to ensure compliance with the above criteria and confirm that no issues have been identified with all the criteria duly met.

We are pleased to note that a VAT reclaim had been submitted for the period 1st April 2022 to 31st March 2023 and the correct amount of £137.40, was received into the bank on the 12th June 2023.

Conclusion

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

Review of 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 identified and to minimise the opportunity for their coming to fruition. We have:

- Noted that the Council maintains a reasonable and proportionate Health & Safety and Business Risk Register which is appropriate for the size and scope of the Council operations. Members formally reviewed and Adopted the Register at the Meeting of the Full Parish Council held on the 15th May 2023(minute ref. 8/23).
- Examined the Council's current insurance policy with Hiscox and noted that Public and Employer Liability cover are both set at £10 million and the Fidelity Guarantee is £250k which is appropriate for a Council of this size.

- Noted that the Council does not own any amenities which would be subject to a regular safety inspection.

Conclusions

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

Review of 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 to be precepted on the District Council, 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. To meet this objective, we have:

- Noted that the Council has again undertaken a detailed and robust Budget setting and Precept determination process as confirmed during our Review of Minutes.
- Noted as previously reported, that the Budget and Precept were Resolved at the 14th December 2023 meeting of the Full Parish Council (minute ref. 66/23). The Precept was set at £10,300 an increase of £200 on 2023-24 financial year.
- Considered the appropriateness of the level of general reserves to meet the Council's ongoing revenue spending requirements noting that reserves at the year-end total £23,768 which guidelines of between three and twelve months' average prior-year revenue expenditure.
- Reviewed the year-end budget outturn for any significant unexplained variances with none in evidence; and,
- Noted that Members continue to be provided with a running budget total against the ongoing spend on a regular basis.

Conclusions

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

Review of Income

Other than the Precept, occasional grants and donations, recoverable VAT and bank interest, the Council generally receives no other income.

We have checked and verified all income reported in the cashbook to bank statements and underlying records for 2022-23, with no issues being identified.

Conclusions

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

Review of Petty Cash Account

The Council does not operate a formal petty cash account, any "out-of-pocket expenses" incurred by the Clerk, or members being reimbursed each month through the routine payment process.

Conclusions

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

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that existing legislation is being appropriately observed as regards adherence to the requirements of HMRC with regard to the deduction and payment over of income tax and NI contributions. To meet this objective, we have:

- Reviewed the Council's payroll preparation procedures noting that salaries are calculated by an outside payroll provider.
- Checked to ensure that the Council has reviewed and approved appropriate pay scales for staff agreeing the salaries in respect of the year under review.
- Checked and agreed the amounts paid to individuals by reference to the approved pay rates, examining payments made in December 2023.
- Ensured that, where applicable, the appropriate month's deductions and contributions have been paid over to HMR&C in a timely manner; we understand that this is done by the payroll provider.

Conclusions

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

Asset Registers

The Governance and Accountability Manual requires that all Councils develop and maintain a register of assets identifying detail of all land, buildings, vehicles, furniture, and equipment owned by the Council.

We are pleased to note that a formal asset register is in place and that it has been prepared using purchase cost uplifted or decreased to reflect the acquisition or disposal of any assets during the financial year. There were no additions or disposals during the 2023-24 financial 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. We have ensured the appropriate recording of these assets in the AGAR.

Investments and Loans

The Council holds no investments or loans. We again take this opportunity to draw the Clerk and Council's attention to a current change in the requirement for production of a formal Investment Strategy: whilst this only becomes mandatory for Councils with retained funds more than £100,000, current NALC guidance indicates that, again in line with best practice, all Councils holding funds

more than £10,000 should also develop an appropriate Strategy. Bearing in mind the balance of monies held by the Council we suggest it would be appropriate to prepare an investment policy.

Conclusions

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

Statement of Accounts and Annual Return

The 1996 Accounts and Audit Regulations required all Councils to prepare annually a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

We have reviewed the Statement of Accounts and AGAR detail prepared by the Clerk/Responsible Financial Officer, as generated from the accounting spreadsheet with no obvious errors or anomalies in the detailed content.

Conclusions

We are pleased to report no issues have been identified in this areas of our review process other than the high level of reserves 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