

## **Seend Parish Council**

*Internal Audit Report 2023-24*

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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 AGAR.**

This report sets out the work undertaken in relation to the 2023-24 financial year. We have again undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing all necessary documentation in electronic and hard copy format to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have undertaken sufficient substantive testing to ensure that governance and financial controls remain effective.

## **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 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 'Internal Audit Report' in the Council's AGAR, which requires independent assurance over ten internal control objectives.

## **Overall Conclusion**

We have concluded that, based on the satisfactory conclusion of our annual programme of work, the Council has continued to maintain adequate and effective internal control arrangements, with no significant issues identified. We have, however, made a number of observations in this report which we would invite Council to consider in order to further improve the system of internal control.

Consequently, we have completed and signed the year's 'Internal Audit Report', having concluded that, in all significant respects the control objectives set out in the Report have been achieved throughout the financial year to a standard adequate to meet the needs of the Council.

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

The Council maintains its accounts in a spreadsheet format, which is entirely appropriate for a Council of this size. The Council maintains two bank accounts (Current and Deposit) with Lloyds Bank, and a savings account with the Bath Building Society. We note that, with effect from March 2024, the Council is moving to Online Banking, in common with many other Parish Councils.

We note that bank reconciliations continue to be presented to Council for approval at each Meeting. We have test-checked these reports, and verified the opening balances and year-end bank reconciliation. We also note good evidence of independent check by a Councillor in accordance with Financial Regulation 2.2.

### *Conclusions*

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

## Review of Corporate Governance

We note that both Standing Orders and Financial Regulations were considered and approved by Council at the May 2023 meeting, with the tendering limits within both documents standardised at £10,000, which is a level we feel is appropriate to the Council's expenditure pattern.

We would advise that Financial Regulations (Section 6) will need to be reviewed to reflect the move to Online Banking, and also the planned Debit Card for the Clerk.

We have reviewed the Council's Minutes for the financial year to determine whether any issues exist or may be developing that might have an adverse effect on the Council's future financial stability, whilst also ensuring that, as far as we may reasonably be expected to determine, no decisions have been made or are being considered that might result in ultra vires expenditure being incurred. No such issues have been identified.

We are pleased to note a high level of compliance with the requirements of the Transparency Code 2015, with good data available for Public access on the Council's website.

Finally, we have confirmed that the Exercise of Public Rights with regard to the 2022-23 Accounts was properly undertaken in accordance with the Accounts and Audit Regulations.

### *Conclusions*

*There are no issues arising in this area of our review warranting formal comment or recommendation, other than the observation about reviewing Financial Regulations to take account of Online Banking and the use of a debit card..*

## Review of Payments & VAT

We have reviewed a sample of payments made during the 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 Council at a Council meeting approved each payment.
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts.
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.

We note that a schedule of payments is prepared and submitted to Council at each monthly meeting with both cheque signatories initialling the schedule and the supporting invoice.

We have confirmed the transactions on the Council's VAT account, with no issues arising. A balance of £229.39 remains to be reclaimed for 2023-24 transactions.

We are pleased to note the move to Online banking, and a Debit Card for the Clerk, which we commented on in our 2022-23 report. This should improve the administration and control of payments still further.

We note that the Council reviewed its Section 137 expenditure at its June 2023 meeting, and is aware of the legal limit.

### *Conclusions*

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

## 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 in order to minimise the opportunity for their coming to fruition.

The Council formally reviews its Governance and Management Risk Register on an annual basis, the last time being at the February 2024 meeting. This meets the requirements of Financial Regulations for at least an annual review.

The Council continues to place its insurance requirements with Hiscox. We have reviewed the content of the schedule and consider that it remains appropriate for the Council's current needs with Employer's and Public Liability cover in place at £10 million each, Officials Indemnity at £500,000 and adequate cover for assets.

### *Conclusions*

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

## **Budgetary Control and Reserves**

We note that the Council agreed an appropriate Precept and budget for 2024-25 totalling £21,234 at its meeting in January 2024, which is properly recorded in the Minutes. This followed a detailed review by the Precept Committee.

At its March 2024 meeting, the Council set its Earmarked Reserves at £28,060. However we believe that the Community Infrastructure Levy (CIL) receipt of £2,428 should be added to this, as its allocation is controlled.

Offsetting this against the year-end cash balance of £38,352 leaves a General Reserve of £7,864, which represents approximately 37% of the agreed Precept against a Best Practice target of 50%. While such a level is acceptable, the Council should continue to monitor the position.

### *Conclusions*

*There are no issues arising in this area of our review warranting formal comment or recommendation, apart from the observation concerning the CIL receipt and its impact on the General Reserve.*

## **Review of Income**

The Council has relatively limited sources of income in addition to the annual Precept. Income arises primarily from allotment rents, recoverable VAT, bank interest, occasional grants and donations. As stated above there was a CIL receipt of £2,428 during the year. We have test-checked and agreed a sample of income transactions between the cashbook and bank statements for the financial year.

We note that, at its meeting in August 2023, the Council reviewed and increased Allotment rents. This meets the requirement for review under Financial Regulation 9.3.

### *Conclusions*

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

## **Petty Cash Account**

*The Council does not maintain a Petty Cash account. Consequently, there are no issues arising in this area of our review warranting formal comment or recommendation.*

## Salaries and Wages

In examining the Council's payroll function, we aim to ensure that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) in relation to the deduction and payment over of income tax and NI contributions.

We note that the Clerk (the Council's only employee) is paid on a monthly basis, and that gross pay, plus Working from Home payments, is properly accounted for to HMRC via the Basic PAYE Tools system. We also note that the Clerk has opted out of the Self-Enrolment Pension Scheme.

We note that the NJC Pay Award has properly been approved by the Council at its November 2023 meeting.

We have test-checked salary payments during the year, with no issues arising. We note that the Working from Home Allowance paid to the Clerk does not form a part of the total in Box 4 of the AGAR, which is the correct treatment.

### *Conclusions*

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

## Asset Register

The Governance and Accountability Manual (GAM) requires all Councils to maintain a record of all assets owned, valued at either original net cost price or, if this is unavailable or the asset was donated, an appropriate valuation which can be a nominal £1.

We believe that the Council's Asset Register meets this requirement. We note that the Council approved its Asset Register in February 2024, following a condition review.

### *Conclusions*

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

## Investments and Loans

*The Council has no funds in investments, with all funds being held in High Street accounts. The Council has no loans repayable by or to it.*

## **Statement of Accounts and AGAR**

We have reconciled all the cashbook totals to the AGAR with no issues arising. We note however that, due to the level of income received during 2023-24, the Council is required to complete Form 3 of the AGAR for this financial year. That will unfortunately incur a further review by the Council's External Auditor.

*On this basis, and based on the satisfactory conclusions reached from our work on the Council's systems of financial control, we have signed off the internal audit report in the AGAR assigning appropriate assurances in each area.*

# Action Plan

Rec. No.	Recommendation	Response
No recommendations made		