

Salford Parish Council

Internal Audit Report 2023-24

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Background and Scope

All town and parish councils are required by statute to arrange for an independent Internal Audit (IA) examination of their governance arrangements, accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). We have undertaken this year's review on site on 19th April 2024 and thank the Clerk for her assistance in completing the year's IA review, which has facilitated our signoff of the IA Certificate in the year's AGAR.

Internal Audit Approach

In conducting our review for the year, we have, as previously, 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, as applied to all clients, is designed to afford appropriate assurance that the Council's financial systems are 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 / or the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'IA Certificate' in the Council's AGAR, which requires independent assurance over several internal control objectives.

We again thank and commend the Clerk on maintaining a very clear set of accounting records.

Overall Conclusion

We are pleased to conclude that the Council continues to operate effective control systems that help ensure that transactions are accurately reflected in the Statement of Accounts and AGAR.

We have duly signed off the IA Certificate in the year's AGAR assigning positive assurances in all relevant areas.

We 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.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

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. The Council continues to operate two bank accounts with Lloyds to manage its financial affairs with internet banking now used exclusively.

The Clerk has again recorded accounting transactions in suitably designed spreadsheets, which, given their relatively low volume, we consider appropriate for the Council's ongoing requirements, as they continue to generate appropriate detail for production of the Council's AGAR, together with facilitating the reporting of budgetary performance throughout the financial year.

Due to their relatively low volume, we have checked and agreed detail of all transactions in the spreadsheet cashbooks maintained to supporting bank statements with no issues arising.

We are again pleased to note that bank reconciliations are undertaken routinely with detail checked, agreed and signed-off by a Councillor: we are also pleased to note that the monthly bank statements are being signed-off. We have duly examined and verified the accuracy of the year-end bank reconciliation, ensuring that the combined year-end cash and bank balances are accurately reported in the year's AGAR.

Conclusions

We are pleased to report that no issues have been identified in this review area this year.

Review of Corporate Governance

Our objective here 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 (SOs) 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.

We note that the SOs and FRs have been reviewed and re-adopted in the financial year with both in line with the latest NALC model documents suitably adapted to the Council's own specific requirements. We note that both documents make appropriate reference to the 2015 revision to Public Contracts Regulations and now reflect the clarified value for publishing public contracts in excess of £30,000 including VAT on the Government's Contract Finder website.

We have, as previously, examined the Council's minutes for the year to ensure that no issues either exist currently or are developing that may have an adverse affect on the Council's financial standing. We have also sought to ensure that no actions are planned or have taken place that may be of an ultra vires nature and place the Council at risk of criticism or possible financial penalty.

We are pleased to note that the external auditors signed-off the 2022-23 AGAR without any formal comment or recommendation. We also note that the Clerk / Council published the Notice of Public Rights for 2022-23 for the requisite 30 working days.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Review of Expenditure and VAT

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, where no other form of invoice is available;
- The correct analysis of expenditure has been applied in the cashbook to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have examined the controls in place over the processing of payments electronically during the year and consider them sound with members initialling all processed invoices and supporting documentation in evidence of their review and approval of expenditure incurred. Due to the clear manner in which the Clerk files the invoices, we have verified the accurate entry of each in the spreadsheet cashbook detail for the financial year.

We note that VAT reclaims are made annually in arrears with the claim for 2022-23 repaid by HMRC in April 2023: as part of our invoice review, we have ensured the accurate recording of all 2023-24 VAT expended with a total recoverable amount of £1,907.30 noting that an appropriate reclaim has recently been submitted to HMRC.

Conclusions

We are pleased to record that no issues arise in this area 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 to minimise the opportunity for their coming to fruition.

We are pleased to note that the Governance and Management Risk Register has been reviewed and been re-adopted formally by the Council at its meeting in October 2023. We have reviewed its content and consider that it remains appropriate for the Council's present requirements.

Insurance cover remains in place with Zurich Municipal: we have examined the schedule for 2023-24 noting Employer's and Public Liability cover are in place at £10 million and £12 million respectively with Fidelity Guarantee cover at £250,000, all of which we consider appropriate for the Council's present requirements.

Conclusions

No issues arise in this area of our review.

Budgetary Control and Reserves

We aim here to ensure that the Council has sound procedures in place for the determination of its annual budget and for monitoring and managing available resources throughout the financial year.

The Council's minutes and supporting documentation provide effective confirmation that the budget and precept for 2024-25 have been formally considered and agreed by the Council at its January 2023 meeting with the latter agreed at £56,320.

We are again pleased to note that the clerk continues to provide members with regular detail of budgetary performance throughout the financial year and have reviewed the year-end outturn with no significant or unanticipated variances apparent warranting further explanation.

The end of year balance at 31st March 2024 has increased marginally to £48,703 (£46,156 at 31st March 2023) including specific earmarked funds of approximately £5,000 in residual unspent CIL moneys. The General reserve balance equates to approximately 10 months' revenue spending at the 2023-24 level and sits comfortably within the generally accepted range of 3 to 12 months.

Conclusions

No issues arise in this area of our review warranting formal comment or recommendation.

Review of Income

We aim in this area of our review to ensure that the Council has robust systems in place to ensure the identification of all income to which it is entitled and for its subsequent recovery, banking and appropriate recording in the Council's financial records. The Council has a limited range of income sources, primarily the annual precept, limited bank interest, allotment rents, recoverable VAT and periodic CIL funding.

We have agreed detail of moneys banked and interest received, as recorded in the cashbooks for the year by reference to bank statements and other relevant available supporting documentation, such as the allotment register noting that no CIL moneys were received during 2023-24.

We have examined the allotment register noting that all tenants have paid the fees due either in advance of or during the financial year, also noting that the Clerk has delayed issuing demands for the 2024-25 rental year until April 2024: we also note Council's formal approval of an increase in the rents recoverable from 1st April 2024.

Conclusions

No issues arise in this area warranting formal comment or recommendation.

Petty Cash Account

The Council no longer operates a petty cash system, the Clerk using either a Council debit card or her personal funds to make any purchases and in the latter case claiming reimbursement as and when required.

Review of Staff Salaries

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

The 1996 Employment Act requires that all employees be provided with a formal contract of employment which as recorded last year is in place. We also note that the 2023-24 national pay award was approved for implementation by the Council with payment of the new rate applied in November 2023, together with arrears backdated to 1st April 2023.

We have checked and verified the accuracy of the Clerk's gross monthly salaries as paid monthly in October, November and December 2023, also ensuring the accurate calculation of tax, NI and pension deductions and employer contributions.

Conclusions

We are pleased to record that no issues arise in this area this year.

Fixed Asset Register

The Practitioner's Guide requires all councils to develop and maintain a register of their asset stock. The Council has an appropriate register in place, which is updated annually to take account of new acquisitions and / or any disposals during the year.

The existing audit regulations and AGAR reporting arrangements require asset values to be recorded at purchase / cost price or, where that value is unknown, at the same value as reported in the previous year's AGAR, adjusted only for any acquisitions or disposals in the year.

We have verified the asset value to be reported in the year's AGAR at Section 2, Box 9 by reference to the updated asset register at the financial year-end.

Conclusions

We are again pleased to report that no matters have been identified in this area warranting formal comment or recommendation.

Investments and Loans

The Council neither holds any long-term investments, nor has any loans repayable by or to it.

Statement of Accounts and AGAR

The AGAR now forms the statutory accounts of the Council in accordance with the Accounts and Audit Regulations 2015. We have, using the Clerk's cashbook detail, established and verified the financial values recorded in the year's AGAR.

Conclusions

Based on the work undertaken on the Council's accounting and other records for the financial year, we have duly signed off the IA Certificate in the year's AGAR assigning positive assurances in all areas.

We ask that, once the 2023-24 AGAR has been approved and signed-off by the Council we be provided with scanned copies of the certified Sections 1 & 2 once certified by the Clerk and Council Chairman.