



Whitehouse Community Council

Internal Audit Report 2022-23

Sally King

*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 systems of internal control, and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

Auditing Solutions Ltd has been contracted to provide this service. This report sets out the work undertaken in relation to the 2022-23 financial year and took place on 22nd May 2023.

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 mis recording or misrepresentation in the year-end Statement of Accounts/Annual Return (AGAR). Our programme of cover has again 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 Annual Return (AGAR), which requires independent assurance over several internal control objectives.

Overall Conclusion

We have concluded that, based on the programme of work undertaken this year, the Community Council has adequate effective internal control arrangements.

We have completed and signed the "Annual Internal Audit Report" in the year's AGAR, having concluded that 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 & Bank Reconciliations

Our objective in this area has been to ensure that accounting records are being maintained accurately and on a timely basis, and that no anomalous entries appear in the cashbook.

The accounting records have again been maintained using an Excel spreadsheet, which we consider appropriate for a council of Whitehouse's size. The Council operates a current account with Lloyds Bank PLC.

To ensure the appropriateness and accuracy of the recording of transactions, we have:

- Ensured that the spreadsheet affords appropriate analysis of receipts and payments.
- Checked and agreed the cashbook detail for the full year to supporting bank statements.
- Verified the bank reconciliation detail on the bank account as of 31st March 2023 also ensuring the accurate disclosure of the balance in the year-end Accounts.

Conclusions

We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation; we have ensured the accuracy of the year-end balances reported in the detailed Statement of Accounts and 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 (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 are pleased to note that both Standing Orders and Financial Regulations have been reviewed and readopted at the Council Meeting held on 19th May 2022 (minute refs. C005 C006 respectively).

We have reviewed the external auditor's report, issued since our last visit, to confirm they are raising no matters regarding the Councils accounts and governance.

We have reviewed minutes of Council meetings held during 2022-23 the principal aim being to consider whether any issues exist that may have an adverse effect on the Council's financial stability in the short, medium, or longer term, also that, as far as we may reasonably be expected to ensure no indication exists that the Council may either be considering or have taken decisions that might result in ultra vires expenditure being incurred.

Conclusion

We are pleased to report that no matters have arisen from this review area requiring formal comment or recommendation.

Review of Payments

We have reviewed the procedures in place for receiving invoices, checking their authenticity, accurate detail recording, processing by the Clerk and formal approval for payment by Members. Our objective is to ensure that:

- Payments have been made in accordance with the Council's approved procedures and budget for the financial year.
- Payments are supported by a trade invoice or acknowledgement of receipt.
- VAT has been calculated correctly and is recovered at appropriate intervals.
- The Council has formally approved each payment.
- Payments have been correctly analysed in the cashbook and year-end Statement of Accounts prepared for members; and

As part of our payment review, we have examined a sample of cashbook transactions for the 2022-23 financial year. We note that reclaimable VAT has been identified and a claim will shortly be submitted.

Conclusion

We are pleased to report that no matters have arisen from this review area requiring formal comment or recommendation.

Assessment and Management of Risk

Our objective is to confirm that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and operational / 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 Assessment and Management of Risk policy was reviewed and adopted at the Council meeting on 19th November 2022(minute ref. C023).
- The Council's insurance cover is provided by Zurich plc: we have examined the current policy schedule and consider that it meets the present needs of the Council with Public and Employer's Liability at £12 million and £10 million respectively and Fidelity Guarantee cover of £250k.

Conclusions

We are pleased to report that no matters have arisen from this review area requiring formal comment or recommendation.

Budgetary Control and Reserves

Our objective in this review area is to confirm that the Council has an appropriate process 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; those 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.

Members continue to receive regular updates of the financial position at each council meeting, with details of the bank balances, income received and payments either made or due for approval.

Confirmed that the budget and precept deliberations for 2023-24 were completed, with a precept of £86,764 being approved by Council at its meeting on 19th January 2023 (minute ref. C117). This represents an increase of 0.48% on the 2022-23 level, bringing the annual cost for a Band D household to £55.90.

Conclusions

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

Review of Income

The Council receives income by way of the annual precept, grants, and recoverable VAT. We have checked and agreed in full the cashbook transactions to bank statements and other underlying supporting documentation for the financial year.

Conclusion

We are pleased to report that no matters have arisen from this area of our review that require a formal comment or recommendation.

Petty Cash

The Council does not operate a petty cash account, with any out-of-pocket expenses incurred by the clerk reimbursed routinely throughout the year.

Review of Staff Salaries

In examining the Council's payroll function, our objective is to confirm 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) legislation as regards the deduction and payment over of income tax and National Insurance Contributions (NIC).

The Clerk is now in post and is the only employee.

Conclusion

We are pleased to report that no matters have arisen from this area of our review that require a formal comment or recommendation.

Asset Registers

The Governance and Accountability Manual requires all councils to 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 the Clerk had prepared an asset register on an excel spreadsheet which has been updated in 2022-23 to include additions of dog bins and office equipment.

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 has no loans repayable either to or by it, nor are any funds held in long-term investments.

Statement of Accounts and AGAR

The AGAR now forms the Council's statutory Accounts subject to external audit scrutiny and certification. We have reviewed and verified the accuracy of detail contained in the AGAR Section 2 by reference to the financial information set out in the spreadsheet cashbook.

Conclusions

We are pleased to report no issues have been identified in this areas of our review process 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.