

## **Horningsham 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 Annual Return.

This report sets out the work undertaken in relation to the 2023-24 financial year, which took place on the 17/06/24.

## **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 / Annual Return. 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 Annual Governance and Accountability Return (AGAR) process, which requires independent assurance over a number of internal control objectives.

## **Overall Conclusion**

We advise that, based on the work undertaken this year, the Council continues to maintain adequate and effective internal control arrangements. A consistently high standard of service provision has been maintained at all times. Resultantly, we have made no recommendations for improvement or Best Practice in this year's report.

Once again, we commend the Clerk/RFO, both for her continued professional management & administration of the Council's finance, and modified governance functions.

The manner in which the Council's financial records and governance documentation for review during the Internal Audit for the financial year was exemplary making the internal audit process as straightforward as possible.

We ask that members consider the content of this report and acknowledge that the report has been formally reviewed and adopted by Council.

# Detailed Report

## Review of Accounting Records & Bank Reconciliations

The Clerk has maintained the Council's accounting records using Excel spreadsheets, which we consider generally adequate in view of the number of annual transactions. The Council maintained one bank account with the Unity Trust Bank with all payments being made electronically.

We have checked and agreed the spreadsheet detail in full to the relevant statements for the full financial year, also verifying the accuracy of the year-end cashbook / bank reconciliation ensuring that no long-standing uncleared cheques or other anomalous entries exist. We have consequently verified the accurate disclosure of the year-end balance in the Annual Return.

### *Conclusion*

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

## Review of Corporate Governance

We have examined the content of the Standing Orders (SOs) and Financial Regulations (FRs), based on NALC model documents, both of which have been reviewed and were re-adopted formally at the Annual Meeting of the Full Parish Council on the 29<sup>th</sup> of June 2023 under minute reference 23/012 and 23/013 respectively. We consider these statutory documents appropriate for the Council's present needs.

We have completed our review the Council's minutes for the current year to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability and are pleased to record that no such items appear to exist at present.

We note that although the Council Resolved its eligibility to Adopt the General Power of Competence, at the Annual Meeting of the Parish Council, on 29<sup>th</sup> June 2023, under Minute reference 23/016, the in-year resignation of elected Members has meant the council lost that eligibility on the 31<sup>st</sup> March 2024, and will not be able to regain it until 2025 if there are sufficient elected Members at the time of the next Council Elections.

Members Resolved to Approve the Notice for the Period of Exercise of Public Rights at the Annual Meeting of the Parish Council during the 29<sup>th</sup> of June 2023 Annual Meeting of the Parish Council, under Minute reference 23/049. The period of the notice was stated correctly, being the 30<sup>th</sup> of June 2023 to the 11<sup>th</sup> of August 2023; exactly thirty working days including the first ten working days of July.

We notice that the Council has in the process of developing its new official website which is hosted on a secure server at the following domain: <https://www.horningshamparishcouncil.gov.uk>. The Council has published the statutorily required information thereon, however the website appears to be under development as at the date of the internal audit and is somewhat challenging to navigate, especially when being viewed from a tablet.

### *Conclusion*

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

## Review of Payments

We have examined the controls in place over the approval of payments for release and consider them sound.

- Payments were supported by a trade invoice or acknowledgement of receipt;
- VAT has been calculated correctly and is recovered at appropriate intervals;
- The members at a Council meeting approved each payment;
- There was clear evidence of approval by members on each payment document;
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts; and,
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.

Due to the remote nature of the year-end audit, we have examined all transactions recorded in the Council's spreadsheet cashbook for the 2023-24 financial year with no issues arising.

Further, we have noted that the Council made awards of Grant Aid, in the amount of £1,078 under the Local Government Act 1972 s.137 statutory power.

Finally, in this area of our review we have noted that two manual s.126 VAT reclaims continue to be submitted annually. The second s.126 VAT claim in respect of the 2023-24 financial year was submitted in the amount of £1,377.83 in March 2024.

### **Conclusion**

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

## Review of Risk Assessment & Risk Management

We note that the Council reviewed its Risk Assessment documentation on a number of occasions during the 2023-24 financial year. The Council's Register of Risk Assessments were last readopted during the 26<sup>th</sup> of October 2023 meeting of the Parish Council, under Minute reference 23/130.

The Council's insurance cover for the 2023-24 financial year was placed with BHIB under a Local Council's Policy underwritten by Aviva, Policy Number: 100723637BDN/LCO02586 with the period of cover commencing on the 1<sup>st</sup> of June 2023 and expiring on the 31<sup>st</sup> of May 2024.

We have examined the insurance schedule for the 2023-24 financial year key features including:

Public & Products Liability	£10m
Employers Liability	£10m
Officials Indemnity	£500K
Libel & Slander	£250K
Legal Expenses	£250K
Fidelity Guarantee	£150K
Personal Accident	£100K

We consider this level of insurance appropriate for the council's current requirements.

We note that a detailed Playground management policy, associated Risk Analyses, Inspection forms and inspection and reporting protocols are in place, with a Council Member undertaking weekly inspections. We further note that RoSPA undertook the Annual Independent Inspections that will be required from the first and subsequent annual anniversaries of the Playground's installation date.

### **Conclusion**

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

## **Review of Budgetary Control & Reserves**

We note that Councillors continue to receive regular income and expenditure reports along with the bank balance detail at each meeting.

The Council's minutes, together with the supporting papers provided to Council indicate that members undertook a robust Budget setting and Precept determination process, and considered and approved the 2024-25 Budget and Precept, setting the latter at £29,973.45; a total increase of £58.51 for the year on a Band D Property, which equated to £5.85 pence per month for the 10 months payments schedule (£20,486.65 prior year), at the 18<sup>th</sup> of January 2024 meeting of the Full Parish Council under Minute reference 24/228.

Overall reserves as of the 31<sup>st</sup> of March 2024 have increased slightly to £14,010 (£13,431 prior year) with two formally constituted earmarked reserves in the amount of £2,950 (£0 prior year) leaving a General Reserve fund of £11,060 (Prior year £13,431), which equates to approximately five months' revenue spending at the average monthly 2023-24 level, sitting at the midpoint of the generally recognised CiPFA guideline of retaining between three and twelve months' revenue expenditure.

Finally, in this area of review we have noted the year-end out-turn and examined the Clerk's Variance report for the 2024-25 financial year with no matters requiring further investigation or explanation.

### **Conclusion**

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

## **Review of Income**

The Council receives only limited income, mainly from the annual precept, VAT recovered and occasional grants and donations.

We have reviewed all available supporting documentation agreeing detail to the Council's spreadsheet cashbook and the Year-End Bank reconciliation statement.

### **Conclusion**

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

## Review of Petty Cash Account

The Council does not operate a Petty Cash Account. The Clerk/RFO and Members are required to reclaim all legitimate out-of-pocket expenses incurred reclaimed via a formal expense claim and paid in line with normal trader payment procedures.

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

## Review of Salaries & Wages

We have, as in previous years, noted that the Clerk/RFO remains the Council's sole and is employed under a formal contract with part-time working hours, remunerated against the SCP20 paygrade for an eight hour working week during the 2023-24 financial year.

We note that the Council continues to utilise the HMRC freeware PAYE Tools, near real time payroll software to administer the payroll. We have checked the basis of the Clerk/RFO's salary payments for the year and examined the salary and deductions for October 2023 in detail, together with relevant tax coding and deductions, which are paid over to HMRC accordingly with no issues identified.

We note that the Clerk received a formal appraisal, subsequently during the Budget setting and Precept determination process.

Finally, in this area of review we note that at the Full Parish Council meeting of the 18<sup>th</sup> of January 2024, under Minute reference 24/217, Members Resolved to Ratify NJC nationally negotiated pay scale increases and to Approve the payment of backdated remuneration from the 1<sup>st</sup> of April 2023, in the amount of £324.48.

### *Conclusion*

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

## Review of Fixed Asset Register

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned.

We are pleased to note compliance with this requirement, the Clerk maintaining an appropriate register with values identified both at cost price or where unknown, at the best approximation thereto, together with the annually uplifted insurance value to assist with budgetary planning for future replacements.

We note that the Council's Fixed Asset Register was reviewed during the 2023-24 financial year and readopted during the 29<sup>th</sup> of June 2023 Annual Meeting of the Parish Council, under Minute reference 23/041. The Fixed Asset Register value stated at the 31<sup>st</sup> of March 2024 is in the amount of £32,697 (Prior year £32,697) with no recorded in-year acquisitions or disposals. We have checked and verified that this amount has been correctly reported in the Annual Return at Box 9 of Section 2.

**Conclusion**

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

**Review of Investments & Loans**

It is noted that council continues to maintain a single current account with the Unity Trust Bank. The public funds invested there in are fully protected by the Government's Financial Services Compensation Scheme. The Council holds no surplus funds available for alternative investment.

The Clerk/RFO has certified that the Council has no loans either repayable by, or to it, as at the 31<sup>st</sup> of March 2024.

**Conclusion**

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

**Statement of Accounts and Annual Governance and Accountability Return**

The Accounts and Audit Regulations, as amended periodically, require all councils to prepare annually a Statement of Accounts, which is now in the form of the Annual Governance and Accountability Return at Section 2, which is, together with the Annual Governance Statement at Section 1, subject to independent external audit examination and certification.

As part of our review process, we have examined the Council's procedures in relation to the identification of detail for inclusion in Section 2 of the Return, which is produced using Microsoft Excel spreadsheets, and used by the Clerk & RFO to provide the accounting statements. We have agreed detail therein to Section 2 of the 2023-24 Annual Governance and Accountability Return.

**Conclusions**

*We are pleased to record that no issues arise in this area and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Report in the year's Annual Governance and Accountability Return assigning positive assurances in all areas.*

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**NOTE TO REPORT**

*We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.'s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company's data and document retention policies and with the prevailing General Data Protection Legislation.*