

# **Maiden Bradley with Yarnfield Parish Council**

*Internal Audit Report 2021-22*

---

*Claire Lingard*

*Consultant Auditor*

*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 2021-22 financial year, which took place on the 20<sup>th</sup> April 2022.

## **Internal Audit Approach**

The 2021-22 Internal audit has been undertaken onsite due to the cessation of Central Government restrictions re: Covid-19.

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**

Based on the satisfactory completion of our programme of work for the year, we have concluded that the Council has, again maintained adequate and effective internal control arrangements. We are pleased to report that there are no issues arising this year warranting formal comment and none warranting any recommendation.

Once again, we note that the council retains the Quality Gold Level of the Local Council Award. We commend not only the Clerk/RFO for her continued professional management and administration of the Council's finance and governance functions, but also the Members who have worked tirelessly to maintain services for their constituents during these unprecedented and challenging times.

As in previous years, the manner in which the Finance, Governance and other supporting documents were presented by Clerk & RFO for audit was of exemplary standard, making this final review process straightforward.

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 the Maintenance of Accounting Records & Bank Reconciliations

The Clerk has maintained the Council's accounting records using Excel spreadsheet cashbooks, which we consider generally adequate in view of the low number of annual transactions. The Council maintained one bank account with the Unity Trust Bank and continues to make all payments electronically.

We have checked and agreed the spreadsheet cashbook detail in full to the corresponding bank statements for the period of the 1<sup>st</sup> April 2021 to the 31<sup>st</sup> March 2022, 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 our review warranting formal comment or recommendation.*

## Review of Corporate Governance

Our objective is to ensure that the Council has a robust regulatory framework in place, that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to reasonably ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. Consequently, we have: -

- Noted that the Council's Standing Orders and Financial Regulations and were readopted by the Members at the Annual Meeting of the Full Council in May 2021 under Minute references 21/13 and 21/14 respectively;
- Noted that the Council's Code of Conduct was readopted by Members at the Annual Meeting of the Full Council in May 2021 under Minute Reference 21/15;
- Noted that the Council continues to take all reasonable steps to remain compliant with the General Data Protection Regulation (GDPR);
- Noted that the Council continues to maintain a website ensuring its compliance with the Transparency Code, and the Accessibility Regulations (2018);
- Noted that the Council Resolved to publish the Notice for the Exercise of Public Rights for the inspection of Accounts and to confirm the inspection period as the 14<sup>th</sup> June to the 23<sup>rd</sup> July 2021 inclusive, under Minute reference 21/66; and,
- Concluded our review of Council and Standing Committee minutes for the year to determine whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability with only one matter arising.

### *Conclusion*

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

## Review of Payments

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and approved 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 has been applied to invoices when they are entered into the spreadsheet/cashbook; and,
- VAT has otherwise been appropriately identified and coded to the control account for periodic recovery.

During this onsite internal audit, we have examined every income and expenditure transaction during the financial year, reviewing all supporting documentation including the Resolution to make and receive payments, tracing these back to the relevant bank statement. We have confirmed that each transaction has been correctly recorded in the spreadsheet cashbook.

We also note that periodic VAT returns have been prepared for the 2021-22 financial year, the in-year claims, being repaid by HMRC during the financial year with the outstanding balance for the year being reclaimed at the start of the 2022-23 financial year.

### *Conclusion*

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

## Review of Assessment & Management of Risk

We are pleased to note that the Council has again reviewed and formally reviewed re-adopted both its Financial Risk and General Risk Assessments at the 08<sup>th</sup> June 2021 meeting of the Full Parish Council under Minute reference 21/060.

The Council's insurance cover for the 2021-22 financial year was arranged by Came & Co., underwritten by Axa, in year one of a new three year deal to minimise costs. We have examined the insurance schedule noting that the levels of cover had been amended:

- Employers liability £10 million
- Public liability is £10 million
- Hirers' Indemnity £5 million
- Environmental Clean-up £1 million
- Data Protection £1million
- Manslaughter £1million
- Libel & Slander £500 thousand
- Officials & Trustees Indemnity is £500 thousand
- Employment Practices Liability £500 thousand
- Legal fees £500 thousand
- Business Interruption £100 thousand

We consider these levels appropriate for the Council's present needs.

Finally, in this area of our review, we note that the council has a play area and recreation ground at Maiden Bradley which is leased at a peppercorn rent. A robust monthly Health & Safety Check on the Recreation Area and play equipment continues to be conducted by councillor S Wager. The resultant report is returned to the Clerk for her retention. All playground Health & Safety reports appear as an Agenda item at the meetings of the Full Council, remedial actions resolved and formally minuted.

There is clear evidence contained in the Council's Minutes, of the Council's diligent approach to the management of its play and recreation areas, with Councillor Wager delivering a Health & Safety report, pertaining to the management of these areas at each meeting of the Council. These reports contain detail of the Council's routine Health & Safety Inspections, the implementation of Central Government Covid-19 directives, the findings of the Annual RoSPA Inspection report and remedial actions taken.

The independent annual Playground Inspection was undertaken by RoSPA during the financial year, with the report and findings scrutinised and actioned at the 12<sup>th</sup> October 2021 meeting of the Full Council under Minute Reference 21/128.

### **Conclusion**

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

## **Review of Budgetary Control and Reserves**

The Council's minutes, together with the Governance Questionnaire completed by the Chairman and other supporting papers provided by the Clerk during this audit review indicate that, once again, the Clerk and Members undertook a well-planned, well documented and robust and Budget setting and Precept determination process. Members considered and approved the 2022-23 financial year Budget and Precept, establishing the latter at £26,267.42 (£24,234 prior year) during the 14<sup>th</sup> December 2021 meeting of the Full Council under minute reference 21/217. We are also pleased to note that Councillors continue to receive regular income and expenditure reports along with bank balance detail at each meeting.

We note that the Council's total reserves stood at £19,725 (Prior year £19,232) as at the 31<sup>st</sup> March 2022, with Earmarked reserves standing at £16,017 (Prior year £14,100) leaving a General Reserve fund of £3,708.24 (£5,132 prior year). The General Reserve balance equates to under two months' revenue spending at the 2021-22 level, sitting beneath the lower end of the CiPFA recommended levels of between 3 and 6 months expenditure, at the prior year level.

### **Conclusion**

*We have noted that the council's overall reserve position is strong and well considered. However, the level of retained General Reserve is too low for this Council. We have noted from the content of the Council's published Minutes, and the Clerk's responses to our questions in this area of review, that the reduction in the year-end reserve was due to unplanned overspend by Members on a village 'interpretation board' against the advice of the Clerk.*

*We have noted, from the Clerk's responses to our questions in this area of review, that this is a one-off issue and resultantly we have no formal recommendation for improvement in this regard. However, we remind the Members that they should be mindful of the Clerk's advice and the Council's budget at all times during their future considerations.*

*We shall review the Council's expenditure authorisations in detail during the 2022-23 financial year audit.*

## **Review of Income**

In this review area, we aim to ensure that income due to the Council is identified, invoiced (where applicable) and recovered at the appropriate rate and within a reasonable time scale, also that it is banked promptly in accordance with the Council's Financial Regulations.

The Council receives only limited income, mainly from the annual precept, grants, occasional grants and donations, and contributions from other Parish Councils towards joint expenditure and bank interest.

As indicated in the first section of the report, we have again reviewed the year's bank statements and other available supporting documentation in full agreeing detail to the cashbooks.

### **Conclusion**

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

## **Review of Petty Cash Account(s)**

*The Council's policy is not to maintain any form of cash float with any out-of-pocket expenses incurred by the clerk or members reclaimed and paid in line with normal trader payment procedures. Subsequently, there are no matters arising in this area of our review warranting formal comment or recommendation.*

## **Review of Salaries and Wages**

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 HM Revenues and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme, as last amended with effect from 1<sup>st</sup> April 2018 in terms of employee contribution percentages. To meet that objective, we have:

- Noted that the Clerk/RFO received a performance appraisal during the FY2022-23 Budget Setting and Precept determination process in December 2021;
- Noted that Members Resolved to amend the Clerk's/RFO's employment at the 14<sup>th</sup> December 2021 meeting of the Council under minute reference 21/213, to increase the Clerk's paid hours by one an additional hour per week. We consider the contract of employment appropriate for purpose at this time;
- Noted that the Clerk/RFO salaried on NJC SCP point 20 for the 2021-22 financial year as confirmed in the prior year appraisal and supporting Minutes;
- Noted that the Clerk/RFO is in receipt of the backdated NJC pay award for FY2021-22 which was paid in the March 2022 payroll;
- Agreed the amounts paid to the Council's sole employee, the Clerk/RFO in July 2021 by reference to the Council's approved pay scale on the NJC annual schedule of rates payable, the payslip and payroll reports for that month and the corresponding bank statements;

- Ensured that tax and NI deductions have been made applying the appropriate tax code and NI Table using HMRC's own PAYE Tools payroll management tool; and,
- Ensured that, where additional hours are worked, appropriate documentation supporting the hours claimed, is in existence and certified accordingly.

### **Conclusion**

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

## **Review of the Fixed Asset Registers**

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. The Clerk has mapped all the Council's assets on the Parish Online electronic mapping system so that they may be easily identified, in situ, from the map.

We have noted that the Asset Register has been reviewed on a number of occasions during the financial year, it was last readopted during the 1<sup>st</sup> March 2022 meeting of the Full Council, with in-year acquisitions of a Speed Indicator Device (SID) and an Interpretation board, under Minute Reference 21/321. Subsequently, the total Fixed Asset Register value has been amended and is now recorded at £45,718 (£39,610 prior year) and has been correctly reflected in the value reported in the year's Annual Return at Box 9 of Section 2.

### **Conclusion**

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

## **Review of Investments and Loans**

It is noted that council continues to maintain a single current account with the Unity Trust Bank. There are no surplus funds available for investments.

The Council has no loans either repayable by, or to it, as at the 31<sup>st</sup> March 2022.

### **Conclusion**

*There are no matters arising in this area of our 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 2021-22 financial year Annual Governance and Accountability Return.

### **Conclusions**

*We are pleased to record that no matters arise in this area of our review and, on the basis of the work undertaken during the course of our internal audit for the 2021-22 financial year, we have duly signed off the Internal Audit Report in the year's Annual Governance and Accountability Return assigning positive assurances in all areas.*

*Finally, we take this opportunity to remind the Clerk/RFO 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.*

-oOo-

### **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.*