

# INTERNAL AUDIT REPORT

2023/2024 - ANNUAL RETURN

WITTERSHAM PARISH COUNCIL

## **1. Background**

1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities

1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. The AGAR is made of 3 sections along with an annual internal audit report which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion of the Parish Council's internal controls.

1.3. CDALC has provided Councils with a checklist to be used in its area; this annual audit uses this list as the minimum of the tests to be carried out.

## **2. Objectives of the Audit**

2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

## **3. Scope of the Work and the areas of Audit Work examined**

3.1. The Scope of Work covers the ten key control tests identified in the AGAR, only nine of these were examined, as Wittersham Parish Council does not have any petty cash.

3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:

- Payroll
- Creditors
- Risk Management
- Income collection and Banking arrangements
- Accounting records,
- Assets
- Debtors
- Budgetary Control (including year end procedures)

3.3. The audit findings of this report have been discussed with the Clerk.

## **4. Findings**

### **4.1. Payroll**

4.1.1 The Parish Council has two employees; a caretaker shared with neighbouring parishes who works standard hours and a part time clerk. One Councillor (the chairman) is entitled to an allowance although it is noted that he does not claim for personal expenses connected with his position. The clerk is paid in line with the LGA Local government pay 2023-24.

4.1.2. Payroll information is processed using CalcPay software which provides payslips and payroll information which allows the Clerk to pay employees and also pensions payments by B.A.C.S. through the Council's bank account. All payments are confirmed by Councillors during the 'Authorise Payments' procedure each month. As both employees are beyond retirement age no NI is payable.

4.1.3. All payroll information was checked for the year and was processed correctly, and the amounts were found to be correctly paid in the Council's bank account.

### **4.2. Creditors/Accounts Payable**

4.2.1. There is no separation of duties at Wittersham Parish Council as the Clerk is the only Officer responsible for Finance and Administration. Compensating checks are carried out by the Members and Financial Regulations outline the system which is to be followed.

4.2.2. The few cheques for payment are normally prepared by the Responsible Finance Officer (Clerk) and together with the relevant invoices are presented to the Council each month. Those cheques are checked to the invoices and signed by 2 of the Members, who all initial the cheques stubs. The majority of financial transactions are carried out through online banking with the requirement that two councillors approve each one after payment has been approved by the Council.

4.2.3. I have checked all payments amounts and the associated records for the year and these were found to be properly recorded in the Receipts and Payments records.

4.2.4. All donations paid had been agreed by the Council prior to payment being made and were properly recorded as Section 137 payments in the Receipts and Payment records.

4.2.5. Although there is no petty cash held by the Council there are payments made to the Clerk and the Caretaker for any expenses when necessary and receipts are held for all expenditure.

4.2.6. Any quotes for contract renewals are submitted and agreed by Members and recorded in the minutes.

### **4.3. Governance Arrangements**

4.3.1. The Council has discussed and adopted a Risk Management Policy during the year detailing a framework on how the Council takes decisions, controls its functions and achieves its objectives. The Council's Standing Orders have also been recently reviewed.

4.3.2 The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control. This was undertaken in April 2023. The three recommendations from a previous internal auditor's report were also considered and subsequently adopted.

4.3.3. There appears to be adequate insurance cover for all assets of the Council.

4.3.4. The announcement of the public rights for 2022/23 was dated 19<sup>th</sup> June 2023 with the inspection of the accounts available between the 20<sup>th</sup> June and 31<sup>st</sup> July 2023.

#### **4.4. Income collection and Banking arrangements**

4.4.1. Unless received electronically, all Income received is banked through a paying in book and a receipt obtained, which is recorded in the Receipts and Payments statements.

4.4.2. I examined the income records for the year and confirmed that all income had been received, promptly banked, and properly recorded in the Receipts and Payments records.

4.4.3. Vat is recorded in the cash book and is claimed at least annually. A Vat refund had been received for 2023/24 on the 8<sup>th</sup> February 2024 and had been appropriately apportioned to the Council's Caretaker and General Funds.

4.4.5. There are 3 current bank accounts held by the Council as well as a deposit account:

- A legacy account with Lloyds Bank with limited current usage,
- An Internet based account with Unity Bank - Used for paying the majority of expenditure and paying in income,
- An Instant Access account with Unity Trust,
- A deposit account with CCLA

4.4.5. I agreed the reconciliation of the bank statements at the end of the year to the Receipts and Payments book closing balances as at 31 March 2024.

4.4.6. Cemetery fees appear not to have reviewed as part of the budget process.

#### **4.5. Accounting Records**

4.5.1. All Receipts and Payments were properly recorded and the Clerk and one other councillor carry out monthly bank reconciliations, which are submitted to Members monthly, with bank statements examined by the Members.

#### **4.6. Security/Assets**

4.6.1. I note that the register of assets was reviewed by the Clerk and Council in May 2023 and is considered as part of the statement of accounts.

#### **4.7. Debtors**

4.7.1. There are no accounts raised for debts as Debtors either pay by cash or a cheque is received for work/service carried out.

#### **4.8. Budgetary Control**

4.8.1. The budget was agreed on 13<sup>th</sup> December 2022 at a regular meeting. The annual budget was prepared to support the precept.

4.8.2. At every Council meeting, Members are provided with details of Receipts and Payments reports, with quarterly reports giving details of the financial position in comparison to the budget.

#### **5. Conclusions**

5.1. All of the key controls contained within the internal audit section of the AGAR were examined and these were found to be working satisfactory.

#### **6. Recommendations**

6.1. A review of cemetery fees may be overdue.

David Chesson

Internal Auditor

Date: 7<sup>th</sup> June 2024