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**Cheverell Magna Parish Council**

*Internal Audit Report 2022-23*

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*Chris Hackett*

*Consultant Auditor*

*For and on behalf of  
Auditing Solutions Ltd*

## **Background**

All town and parish councils are required by statute to make arrangements 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 Governance and Accountability Return (AGAR). This report sets out the internal audit work undertaken in relation to the 2022-23 financial year conducted on the 29<sup>th</sup> May 2023.

We wish to thank the Clerk for assisting the process, providing documentation to facilitate completion of our review for the year.

## **Internal Audit Approach**

In undertaking our review for the year, we have 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 has been 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 the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' in the Council's AGAR, which requires independent assurance over specified internal control objectives.

## **Overall Conclusion**

We have concluded that, based on the programme of work undertaken on the 2022-23 papers provided for audit, the Council had adequate and effective internal control arrangements during the financial year.

We have completed and signed the 'Internal Audit Report' in the year's AGAR assigning positive assurance.

We request that this report is presented to Members.

## Detailed Report

### Maintenance of Accounting Records & Bank Reconciliation

The Clerk has maintained the Council's cashbook accounting records in an Excel workbook, which is considered more than adequate for the volume of annual transactions. It is in columnar form analysing transactions, also with a separate column for VAT and separate tabs for the current and instant access accounts with the Unity Trust Bank.

We note that bank reconciliations were completed during the year and details of balances were reported to members and recorded in the minutes.

We agreed the balances brought forward from 2021/22 to 2022/23. We have checked and agreed the cashbook entries in full to the bank statements for the financial year also agreeing the year-end cashbook and bank statement reconciliation to ensure there were no anomalous items or out-of-date cheques with no issues arising.

#### *Conclusion*

*There were no matters arising from our review of this area warranting formal recommendation. The Accounts are balanced at the year end and we agreed year end balances to the AGAR.*

### Review of Corporate Governance

Our objective here 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 may reasonably be expected to identify, no actions of a potentially unlawful nature have been or are being considered for implementation. We have:

- Noted the Council reviewed its Standing Orders and other policies during the year discussing them in April and October 2022;
- Sample checked the Council's minutes to ensure that no issues have arisen or are under consideration whereby the Council may have or be considering taking action resulting in potentially ultra vires expenditure: we are pleased to record that no such actions are apparent;
- Confirmed the Council applied for an exemption from external audit for 2021/22 and that it met the criteria for an exemption;
- Noted the Council publicised its 2021/22 accounts by posting a notice of public rights on its website; and
- Reviewed the information posted on to the Council website in relation to the requirements of the Transparency Code.

#### *Conclusion*

*The Council has arrangements for ensuring its governance.*

## Review of Payments

We have reviewed and sampled checked payments made during the year to ensure that the following criteria were met:

- Payments were supported by a trade invoice or acknowledgement of receipt;
- VAT has been calculated and is recovered at appropriate intervals;
- The Council minutes note the payments made;
- Payments have been correctly analysed in preparation of the year-end AGAR; and
- Section 137 payments have been identified and are within the Council's spending limit.

We note that invoices are recorded individually in the minutes, which we regard as good practice. The Clerk provided the file of invoices which we reviewed comparing to the cash book noting there were no material omissions.

### *Conclusion*

*No issues arise from this area of our work requiring formal comment or recommendation.*

## Assessment and Management of Risk

We are pleased to note that the Council's Risk Register has been discussed and approved, the latest occasion being at the April 2023 meeting.

We have reviewed the Council's insurance policy running from to 21<sup>st</sup> June 2023 provided by ANSVAR. The annual premium was £465.26. The policy includes:

- Public liability cover of £10m;
- Employer's liability cover of £10m; and
- Fidelity guarantee £0.025m.

We note that an external contractor undertakes regular inspections of the safety of the play equipment for which the Council is responsible.

### *Conclusion*

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

## **Budgetary Control and Reserves**

The Council discussed its 2023/24 budget in draft taking account of cost drivers, for example changes in contracts. The Council set its precept at £13,699 at the meeting in December 2022.

We note that members continue to be presented with financial information at meetings including details of payments and management accounts. Further the Council considers reserves periodically.

We reviewed outturn for 2022/23 comparing to prior years seeking explanations for material changes. We note that spending on staff costs was lower in 2021/22 due to a vacancy in the Clerk position.

At the 31<sup>st</sup> March 2023 reserves were £22,509. Spending in 2022/23 was £16,705. Reserves are more than one year's spending but given the low overall level of balances, which increases the sensitivity and risk arising from unforeseen events, the level of balance is suitable.

### ***Conclusion***

***The Council has arrangements for setting and controlling its budget.***

## **Review of Income**

The Council's has received income during 2022-23 in the form of the annual precept, a reclaim of VAT and miscellaneous amounts such as a wayleave.

We have checked and agreed all cashbook transactions to bank statements and agreed the precept to the list of precept demands from parish councils for 2022/23 published by the Government. We agreed the VAT reclaim to supporting paperwork and test checked a payment from SSE to the remittance advice and a community grant to correspondence from the Community fund.

### ***Conclusion***

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

## **Petty Cash Account**

***The Council does not operate a petty cash account. Any out-of-pocket expenses incurred by the Clerk in connection with their work for the Council are reclaimed and paid by separate cheque processed in the same manner as all trader payments.***

## Salaries and Wages

The Council had two employees during the year, the Clerk and a locum Clerk.

We test checked the locum Clerk's monthly claims to the hourly rate set out in the contract of employment and sample checked for two months the claim was supported by a detailed timesheet. Similarly for the new clerk we checked one monthly payslip to her contract. We further checked that returns were made to HMRC in respect of pay and that salary payments are recorded individually in the minutes. We agreed payroll costs per the cash book to the AGAR.

### *Conclusion*

*Payments to the Clerk are recorded in the accounts and the AGAR.*

## Asset Register

The Governance and Accountability Manual requires all Councils to maintain a record of all assets owned and we are pleased to note compliance with this requirement. We have confirmed assets are valued at cost net of VAT, as expected. We agreed the asset register to line 9 of the AGAR.

### *Conclusion*

*No issues arise from this area of our review.*

## Investments and Loans

*The Council has no funds placed in investment accounts currently, nor are any loans in existence repayable either by or to the Council.*

## Statement of Accounts and AGAR

The AGAR now provides the formal statutory accounts of the Council subject to external audit certification. We have checked the detail disclosed in the 2022/23 AGAR at Section 2 agreeing it to the underlying cashbook and other relevant records.

### *Conclusion*

*We have duly signed off the IA Certificate in the year's AGAR providing a copy for the Clerk's necessary further action.*

*We also 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.*