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**Maiden Bradley with Yarnfield Parish Council**

*Internal Audit Report 2019-20*

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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 2019-20 financial year, which took place on the 20<sup>th</sup> April 2020.

## **Internal Audit Approach**

The 2019-20 Year End Internal audit has been undertaken remotely due to the Covid-19 virus situation and in accordance with Government advice. All files and supporting document required to complete the audit have been supplied, as requested, electronically.

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.

We are pleased to note that the council retains the Quality Gold Level of the Local Council Award Scheme and take this opportunity to acknowledge the exemplary quality of records maintained by the Clerk. We also acknowledge that the last few months of the 2019-20 financial year have been challenging for all Clerks, with the disruption caused to their day to day operational and administrative functions, due to the Covid-19 virus situation.

We take this opportunity to thank the Clerk for her assistance during the Internal audit review which, has been more important than in previous years and which has ensured the smooth progress of our review process. We have completed and signed the 'Internal Audit Report', having concluded that the control objectives set out in that Report have been achieved within the financial year to a standard adequate to meet the needs of the Council.

# Detailed Report

## Maintenance 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 and continues to make all payments 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 our review warranting formal comment or recommendation.*

## Review of Corporate Governance

We have examined the content of the Standing Orders and the Financial Regulations noting that both were readopted during the Annual Meeting of the Parish Council in May 2019. We Further note that the Financial Regulations were revised again, to reflect the amendments in the new NALC model documents are Adopted by the Council at its full meeting in October under Minute reference number 19/248.

We have reviewed 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.

### *Conclusion*

*There was one minor issue concerning the Council's Minutes: The Clerk, in error, commenced the September 2019 at Minute reference number 200, rather than 100 as it should have been. The Clerk has issued a statement recording that Minute References 19/100 – 19/199 have not been used and this will be formally recorded in the Minutes of Council's next Full meeting.*

*There are no issues arising in this area of our review warranting recommendation.*

## Review of Payments

As a result of the need to conduct this year's audit remotely, and in light of the Council's full compliance in previous year's Internal Audits, we have sampled payments made during the year: Every sixth invoice irrespective of value and every invoice in excess of £750.00 to ensure that the following criteria were met: -

- Payments were supported by a trade invoice or acknowledgement of receipt;
- VAT has been calculated correctly and is recovered at appropriate intervals;

- The Council at a Council meeting approved each payment; and,
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts.

We also note that periodic VAT returns have been prepared for the 2019-20 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 2019-20.

### **Conclusion**

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

## **Assessment and Management of Risk**

We are pleased to note that the Council has again reviewed and formally re-adopted its Risk Assessment documentation at the December 2019 meeting of the Full Council under Minute reference 19/250. The clerk continues to use the financially oriented risk register used by a neighbouring parish, to form the basis of the Council's register.

The Council's insurance cover for the 2019-20 financial year was arranged by Came & Co., with Inspire underwritten by Axa. We have examined the insurance schedule noting that Public and Employer's Liability cover are each in place and set at £10 million respectively, Officials Indemnity at £500k, Fidelity Guarantee at £150,000 and Business Interruption at £10,000: 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 is conducted by a councillor and the 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.

The independent annual Playground Inspection was undertaken by RoSPA in 2019 with the report and findings scrutinised and actioned at the October meeting of the Full Council under Minute Reference 19/242.

### **Conclusion**

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

## **Budgetary Control and Reserves**

The Council's minutes, together with the supporting papers provided to Council indicate that, once again, Members undertook a robust and well documented Budget setting and Precept determination process. Members considered and approved the 2020-21 financial year Budget and Precept, setting the latter at £24,234 (£17,056 prior year) in the January 2020 meeting of the Full Council under minute reference 19/353. 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 £7,935 as at the 31<sup>st</sup> March 2020, with Earmarked reserves standing at £2,792 leaving a General Reserve fund of £5,143 (£3,075 prior year). The General Reserve balance equates to approximately three-and-a-half-months' revenue spending at the 2019-20 level, sitting at the lower end of the CiPFA recommended levels of between 3 and 6 months expenditure, at the prior year level.

### **Conclusion**

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

## **Review of Income**

The Council receives only limited income, mainly from the annual precept, grants, small 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 issues arising in this area of our review warranting formal comment or recommendation.*

## **Petty Cash Account**

*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 issues arising in this area of our review warranting formal comment or recommendation.*

## **Salaries and Wages**

We have, as in previous years, checked the basis of the clerk's salary payments for the year, together with relevant tax deductions, which are paid over to HMRC accordingly with no issues identified.

We note that the Clerk received a formal appraisal during the Budget setting and Precept determination process and resultantly was granted a pay award for FY 2019-20 which increased her SCP to 25, effective from the 1<sup>st</sup> April 2019.

### **Conclusion**

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

## **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.

We have noted that the Asset Register has been reviewed and readopted during FY 2019-20 with no additions or removals. Subsequently, the total Fixed Asset Register value remains set at £39,610 (£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 issues arising in this area of our review warranting formal comment or recommendation.***

## **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 2020.

### ***Conclusion***

***There are no issues 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 2019-20 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.***