

## **Wavendon Parish Council**

*Internal Audit Report 2021-22*

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*Prepared by Sally King*

*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 systems 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 work undertaken in relation to the 2021-22 financial year for Wavendon Parish Council and the Community Centre for 2020-21 (including incorporation into the Parish Councils accounts for 2021-22 AGAR).

## **Internal Audit Approach**

In undertaking our review for the year, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. We have again employed a combination of selective sampling techniques (where appropriate) and 100% detailed checks in the required key areas to gain sufficient assurance that the Council's financial and regulatory systems and controls are appropriate and fit for the purposes intended.

Our programme is also designed to facilitate our completion of the 'Internal Audit Report' in the Council's AGAR process which requires independent assurance over several internal control objectives.

## **Overall Conclusion**

We have concluded that, based on the programme of work undertaken, the Council has maintained adequate and effective internal control arrangements during the year. Consequently, we have completed and signed the 'Internal Audit Report' as part of the year's AGAR process having concluded that, in all significant respects, the internal control objectives set out in that report were achieved throughout the financial year to a standard adequate to meet the needs of the Council. We are pleased to acknowledge the quality of records maintained by the Clerk and thank him for his assistance.

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

Our objective in this area has been to ensure that accounting records are being maintained accurately and on a timely basis, and that no anomalous entries appear in the cashbook.

The accounting records have again been maintained using an Excel spreadsheet, which we consider appropriate for a council of Wavedon's present size. We note that for the new financial year the Council has purchased the Scribe accounting software package. The Council operates both a current and a deposit bank account with Barclays Bank PLC and a separate current account also with Barclays for the Community Centre. The balances for 2020-21 have been reinstated to include the Community Centre, which was previously treated as separate from the Parish Council's accounts.

To ensure the appropriateness and accuracy of the recording of transactions, we have:

- Confirmed the accurate carry-forward of prior year reinstated balances to 2021-22
- Audited the accounts of the Community Centre for 2020-21 to ensure the accuracy of the reinstated balance.
- Ensured that the spreadsheet affords appropriate analysis of receipts and payments.
- Checked and agreed the cashbook detail for the full year to supporting bank statements.
- Checked detail on the bank reconciliations for those accounts as of 31st March 2022 to ensure that no long-standing uncleared cheques or other anomalous entries exist.
- Verified the bank reconciliation detail on each bank account as of 31<sup>st</sup> March 2022, also ensuring the accurate disclosure of the combined balances in the year-end Accounts.

### *Conclusions*

*We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation; we have ensured the accuracy of the year-end balances reported in the detailed Statement of Accounts and AGAR.*

## Review of Corporate Governance

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

We have reviewed minutes of Council meetings held during 2021-22, the principal aim being to consider whether any issues exist that may have an adverse effect on the Council's financial stability in the short, medium, or longer term, also that, as far as we may reasonably be expected to ensure. no indication exists that the Council may either be considering or have taken decisions that might result in ultra vires expenditure being incurred.

We are pleased to note that the Standing Orders have been reviewed, updated, and re-adopted in the September 2018 Meeting (minute ref 12.0). Financial Regulations have been updated in September 2020.

### **Conclusion**

*We are pleased to report that no matters have arisen from this review area requiring formal comment or recommendation.*

## **Review of Payments**

We have reviewed the procedures in place for receiving invoices, checking their authenticity, accurate detail recording, processing by the Clerk and formal approval for payment by Members. Our objective is to ensure that:

- Payments have been made in accordance with the Council's approved procedures and budget for the financial year.
- Payments are supported by a trade invoice or acknowledgement of receipt.
- VAT has been calculated correctly and is recovered at appropriate intervals.
- The Council has formally approved each payment.
- Payments have been correctly analysed in the cashbook and year-end Statement of Accounts prepared for members.

As part of our payment review, we have examined a sample of approximately 50% of the cashbook transactions to the invoices for the 2021-22 financial year, with no issues arising.

### **Conclusions**

*We are pleased to report that we consider the controls over the authorisation and release of expenditure adequate and to be operating effectively with the above criteria met for each of the sample payments examined.*

## **Assessment and Management of Risk**

Our objective is to confirm that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and operational / health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition. We are pleased to note that:

- An appropriate Risk Register is in place, this was discussed at the meeting held on 21<sup>st</sup> March 2022 and deferred until the April 2022 meeting.
- The Council's insurance cover is provided by Local Councils and underwritten by Aviva, we have examined the current policy schedule and consider that it meets the present needs of the Council with both Public and Employer's Liability at £10 million and Fidelity Guarantee cover of £100k.

### **Conclusions**

*We are pleased to report that no matters have arisen from this review area requiring formal comment or recommendation.*

## Budgetary Control and Reserves

We are pleased to note that the Council considered and agreed the budget and precept for 2020-21 at its meeting held on 17<sup>th</sup> January 2022 adopting the latter at £62,550 (minute ref 16).

Members continue to receive regular updates of the financial position at each council meeting, with details of the bank balances, income received and payments either made or due for approval.

At the year end, total reserves stood at £69,606 which equates to approximately 9 months' revenue spending at the current level and is over the generally recognised guidance of between 3- & 6-months' revenue spending.

### *Conclusions*

*We are pleased to report that no issues have been identified in this area warranting formal comment or recommendation.*

## Review of Income

The Council receives income by way of the annual precept, a small amount of bank interest, grants from MK, recoverable VAT, and Community Centre income. The Council also received a Section 106 grant of £17,033.28 in 2021-22.

### *Conclusion*

*We are pleased to report that no matters have arisen from this area of our review that require a formal comment or recommendation.*

## Petty Cash

The Council no longer operates a petty cash account, with any out-of-pocket expenses incurred by the clerk reimbursed routinely throughout the year.

## Review of Staff Salaries

In examining the Council's payroll function, our objective is to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and National Insurance Contributions (NIC).

- Noted that the payroll is processed by the Clerk using the HMR&C Basic PAYE Tools software.
- Payments are then made to the Clerk and HMRC by standing orders and cheques respectively.

We are note that from the minutes that the Clerk's salary was reviewed, during the 2021-22 financial year.

### ***Conclusion***

***We are pleased to report that no matters have arisen from this area of our review that require a formal comment or recommendation.***

## **Asset Registers**

The Governance and Accountability Manual requires all councils to develop and maintain a register of assets identifying detail of all land, buildings, vehicles, furniture, and equipment owned by the Council.

We were previously pleased to note that the Clerk had prepared an asset register on an excel spreadsheet.

### ***Conclusions***

***We are pleased to report that there are no significant issues arising in this area of our review process warranting formal comment or recommendation. We have ensured the appropriate recording of these assets in the AGAR.***

## **Investments and Loans**

The Council has no loans repayable either to or by it, nor are any funds held in long-term investments.

## **Statement of Accounts and AGAR**

The AGAR now forms the Council's statutory Accounts subject to external audit scrutiny and certification. We have reviewed and verified the accuracy of detail contained in the AGAR Section 2 by reference to the financial information set out in the spreadsheet cashbook.

### ***Conclusions***

***We are pleased to report no issues have been identified in this areas of our review process warranting formal comment or recommendation and, on the basis of our review work, we have completed the Annual Internal Audit Report of the year's AGAR assigning positive assurances in each relevant area and would ask that we be provided with detail of the completed Sections 1 & 2 once they have been adopted by Council and been signed off by the Chairman and Clerk/RF***