

Calne Without Parish Council

Internal Audit Report 2020-21

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*For and on behalf of
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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 AGAR.

This report sets out the work undertaken in relation to the 2020-21 financial year. Due to the continuing impact of the Covid-19 pandemic, we have again undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing all necessary documentation in electronic format to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have, obviously in the circumstances, reduced the volume of transactions examined, whilst still ensuring governance and financial controls remain effective.

Internal Audit Approach

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/AGAR. Our programme of cover has again been designed to afford appropriate assurance that the Council's financial systems remain 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 annual 'Internal Audit Report', which requires independent assurance over specified internal control objectives.

Overall Conclusion

We have concluded that, on the basis of the programme of work undertaken this year, the Council has maintained adequate and effective internal control arrangements. We have found no issues of concern requiring recommendations for improvement. We would like to complement the Clerk, and the Council, on this result.

We have completed and signed the 'Internal Audit Report', having concluded that, in all respects, the control objectives set out in that Report were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliation

The clerk maintains the Council's accounting records using a spreadsheet, which is considered more than adequate for the volume of annual transactions. It is in columnar form, with a separate column for VAT. Two bank accounts are in place for everyday operations, both with Lloyds Bank plc, with longer term savings accounts with Nationwide and Bath Building Societies. The account with Unity Trust was closed in January 2021, and the balance properly transferred to Bath Building Society.

We have test-checked cashbook entries to the bank statements for the financial year, also agreeing the year-end cashbook / bank statement reconciliation to ensure there were no anomalous items.

We are pleased to note that Councillors receive a Financial Report, including bank balances, at each meeting.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Review of Corporate Governance

We note that the Council's Standing Orders (SO) and Financial Regulations (FR) were reviewed and re-approved by the Council in July and November 2020 respectively. Further to our previous recommendations, we are pleased to note that the tendering levels in both documents are now set at £15,000, which we feel is more appropriate to the Council's current pattern of expenditure.

We have continued our examination of the Council Minutes for the year to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability, whilst also ensuring that the Council has neither considered or is considering any actions that may result in ultra vires expenditure.

The requirements of the Transparency Code became mandatory for smaller councils from 1st April 2015. We are pleased to note that the Council fully meets the reporting requirements on its new website.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Review of Payments

We have tested a sample of 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 correctly and is recovered at appropriate intervals.
- The Council at a Council meeting approved each payment.
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts.
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.

We are pleased to note that Councillors are continuing to authorise individual invoices as part of electronic banking procedures, and that all payments due continue to be detailed in the Minutes of each Council meeting.

VAT is being reclaimed on a quarterly basis.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Assessment and Management of Risk

We are pleased to note that the Council regularly reviews its Risk Register, most recently at the December 2020 meeting, which meets the requirement of Financial Regulations.

The Council's insurance has been renewed with Inspire (Axa) on a 3-year Long Term Agreement from June 2019. Public and Employers Liability is set at £10 Million each, and other covers appropriate to a Council of this size are in place.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Budgetary Control and Reserves

The Council has continued to use its Finance Committee to undertake a detailed review of budget proposals. Following consideration of the 2021-22 budget proposals, these were subsequently approved by the Full Council at the December 2020 meeting, setting the 2021-22 Precept at £29,682.

Earmarked Reserves were set for 2021-22 at the Finance Committee meeting in April 2021. The above process identified outstanding Community Infrastructure Levy (CIL) balances of £116,883, and other projects and commitments of £24,115.

The resulting General Reserve is therefore £21,894 which represents just under 9 months normal expenditure. This is considered to be an adequate reserve.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Review of Income

The Council's has received limited income during 2020-21 in the form of the annual Precept, VAT reclaims, and bank interest. We have test-checked these transactions to the bank statements and other available supporting documentation.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Petty Cash Account

The Council operates a limited petty cash account, with occasional “top-ups”. The Council has provided evidence confirming that the physical cash held at the year-end was £7.52 which agrees to the amount used in the year-end bank reconciliation.

We note that, during 2020-21, the Council set up a Credit Card facility for the Clerk. This could ultimately replace the need for a Petty Cash account.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Salaries and Wages

The Council only has one employee, the Clerk, who started at the beginning of the 2018-19 financial year. Payments to the Clerk are managed by an external payroll service. A test-check of the payroll records shows that basic pay and overtime are properly recorded on the basis of hours worked, and that HMRC records are properly maintained although the Clerk's earnings are below the threshold for tax.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Asset Registers

We are pleased to note that all identified assets are valued at purchase cost (net of VAT) or, in the case of historical or donated items, a nominal value of £1, which meets the requirements of Government Accounting.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Investments and Loans

The Council reviewed its Investment Strategy at its December 2020 meeting. This recognises the switch in savings accounts from Unity Trust to Bath Building Society.

The Council has no loans in place either repayable by or to it.

Conclusions

No issues arise in this area of review warranting formal comment or recommendation.

Statement of Accounts and AGAR

Local government legislation is aimed at increasing the awareness of the public and openness in the management of public finances. The Annual Governance and Accountability Return (AGAR) provides the basis for the external auditor's certificate, informed by an independent internal audit.

We have duly agreed the detail on the 2020-21 AGAR to the underlying financial and other records, with no issues arising.

Conclusion

We have agreed all detail in the Summary of Receipts and Payments Account, AGAR and Supporting Statement and have duly signed off the Internal Audit Report assigning positive assurances in each of the areas.