

WICKERSLEY PARISH COUNCIL

Internal Audit Report 2022/2023

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Background and Scope

All Town and Parish Councils are required by statute to make arrangements for an independent internal audit and for the conclusions to be reported each year in the Annual Governance and Accountability return (AGAR). The Parish Council has requested that Voluntary Action Rotherham provides this service, based on a letter of engagement agreed and signed by Council. The audit is not designed to identify all significant weaknesses in the Council's systems but, if such weaknesses come to our notice during the course of our examination, which we think should be brought to your attention; we shall report them to you.

The responsibility for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the Council. The audit should not be relied upon to disclose all material misstatements or frauds, errors or instances of non-compliance as might exist.

In accordance with guidelines set out by the Governance and Accountability for Local Councils – practitioners' guide, our work plan consisted of an investigation to review whether the systems of financial and other controls over the Council's activities and operating procedures are effective. Areas covered by the testing included;

- Bookkeeping
- Due Process
- Risk management arrangements
- Budgetary controls
- Payroll control
- Petty cash
- Asset control
- Bank reconciliation
- Year-end procedures
- Miscellaneous

Findings

The internal audit was carried out off site, all records and evidence requested were provided by the Assistant Clerk either electronically or in paper format. There are still some points raised at the last audit that are yet to be actioned. These will be covered in the report.

I carried out detailed internal control testing and any audit recommendations have been agreed with the Assistant Clerk/RFO.

The following recommendations/points should be addressed:

Proper bookkeeping

The council uses SAGE software for maintaining its financial records, this is regularly updated and arithmetically correct. At the end of the year there was a minor discrepancy of £12.58 on the VAT debtor, this was an adjustment that was made after the filing of the quarter 4 VAT return. VAT has been reclaimed quarterly, I was unable to check

whether the correct amount of VAT had been reclaimed on sampling as only gross figures were provided.

There is no evidence that internal controls and their effectiveness have been reviewed during the year. Recommend annual review.

Due Process

Model Standing Orders have been adopted and reviewed within the year, Clerk advised to note the review date on the policy. Financial Regulations were reviewed in April 2022 and are properly tailored to the council.

Internal controls for payments could be improved, currently single authority is in place for BACS payments, recommended dual authority to improve controls and provide a segregation of duties. Direct debits are approved every three years by Council as per the Financial Regulations, recommend these are reviewed bi-annually. All variable direct debits are minuted for council.

The Assistant Clerk advised that where possible invoices are authorised prior to payment, there was no evidence of this on the invoices. Regular checks should be carried out and a member's audit stamp or signature and date should be recorded.

Risk Assessment Arrangements

It is clear from the minutes the Council have had a challenging year with a number of projects underway or planned, the resignation of two Councillors and the Clerk/RFO currently absent from her role. They have taken steps to alleviate these pressures which has included recruiting temporary members of staff.

Insurance levels are appropriate for the size of the council; however, business interruption seems low, council should check whether the level of cover is still fit for purpose. I was unable to ascertain whether appropriate levels of insurance were in place for assets as insurance valuations are not listed on the asset register.

There is regular reporting and minuting of the bank balance to Council. Ensure minutes are initialled on each page as well as being signed overall.

Budgetary Controls

The Council has prepared a budget in support of the precept, this was discussed and adopted by council in December 2022 and the precept was correctly minuted. Budget against spends are provided regularly to council and earmarked reserves have been reviewed.

The level of general reserves is below proper practice (3 to 12 months running costs). Based on the expenditure for 2022-23 the general reserves as a minimum should be around £71,000. As all other budgetary controls have been met I have answered 'yes' to control objective D, however the council should look to increase 'general reserves.

Asset Control

The council maintains an asset register of all material assets owned or in its care, these are up to date and include the re-stated or net cost price of the assets. Where possible the council should look to include insurance replacement valuations on the asset register and the date of any disposals.

The council has adequate controls in place for the inspection of assets.

Miscellaneous

The requirements of the Accounts and Audit regulations 2015 – Section 13 (2) (b) require Councils to display AGAR's for the five years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 on their website.

The Council failed to display the AGAR for the year 2017-18 on their website, therefore I have been unable to answer 'yes' to control measure L.

Conclusion

I am pleased to conclude and report that the Clerk and Assistant Clerk have maintained a good standard of record keeping which has simplified the audit process. I have confidence that the figures lifted into the Statement of Accounts for the financial year ended 31 March 2023 are accurate.

All of the controls contained within the internal audit section of the AGAR were examined the following non-compliance was found.

- L The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.

All other key controls were found to be working satisfactory.