

## **West Swindon Parish Council**

*Year-end Internal Audit Report 2023-24*

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*Prepared by Claire Lingard*

*Consultant Auditor*

*For and on behalf of  
Auditing Solutions Ltd*

## **Background and Scope**

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 Internal Audit process for the 2023-24 financial year; the year-end review took place over the 14<sup>th</sup> of May 2024 due to the requirement for additional information to complete the audit. The review was undertaken remotely.

## **Internal Audit Approach**

In concluding our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential mis recording or misrepresentation in the year-end Statement of Accounts contained within the Annual Governance and Accountability Return (AGAR). 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 AGAR process, which requires independent assurance over a number of internal control objectives.

## **Overall Conclusion**

We have followed up the recommendations made in our 2022-23 reports and acknowledge that Members have noted and made significant progress towards implementing these. We report that, on the basis of the work undertaken to date, the Council continues to operate effective internal controls in all areas examined. Resultantly, no recommendations for improvement have been made as a result of this year-end audit.

We thank the Parish Manager who prepared the required documentation for the year-end review. We are grateful for the expedient and exemplary manner in which the documents were presented for this review process, and the speed with which our queries were responded to.

We thank the Parish Manager and the Deputy Parish Manager for their assistance in undertaking this audit and we ask that Members consider the content of this report and acknowledge that the report has been formally reviewed and adopted by Council.

# Detailed Report

## Review of Accounting Arrangements & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers to date. The Council currently operates a current bank account at Barclays Bank, supplemented by deposit accounts at Nationwide Building Society, Virgin Money / Clydesdale Bank and the Acorn Community Bank. The Council continues to utilise the Rialtas Omega accounting software for its transaction processing. To meet the above objective we have: -

- Agreed the opening trial balance detail in the software for 2023-24 with that in the verified closing Statement of Accounts for 2022-23;
- Ensured that an appropriate cost centre and accounting structure remains in place;
- Checked and agreed four sample months (April, September and December 2023 and March 2024) receipts and payments transactions in the Council's current bank account cashbooks to the relevant bank statements in full;
- Checked and agreed all transactions for the year in the Council's two reserve bank accounts at Nationwide and Virgin Money / Clydesdale Bank (due to the low volumes of transactions) for the year to 31<sup>st</sup> March 2024;
- Noted the opening of an additional Savings account with the Acorn Community Bank, and the transfer of £57,000.00 into this account; and,
- Checked detail on the bank reconciliations as at the 31<sup>st</sup> March 2024 for all accounts to ensure that no long-standing uncleared cheques or anomalous entries exist: no such items were identified. We note that the Parish Manager is duly reporting detail of the monthly reconciliations to members at each Finance and Staffing Committee, minutes of which are subsequently approved at Full Council meetings.

### **Conclusion**

*There are no matters arising in this area of Review warranting formal comment or recommendation.*

## Review of Corporate Governance

Our objective is to ensure that the Council has a robust series of corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we can reasonably be expected to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. We have: -

- Noted that the Council received the conclusion of audit notice for the 2022-23 financial year on the 29<sup>th</sup> September 2023, asserting a qualified audit;
- Reviewed minutes of the Full Council and its supporting Finance & Staffing Committee meetings, as published on the Council's official website, for the year to the 31<sup>st</sup> March 2024, to identify whether or not any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability, also ensuring that the Council has neither considered nor is considering any actions that may result in ultra vires expenditure;
- Noted that the Council's Standing Orders and Financial Regulations were readopted, unamended, using the current NALC model documents at the Annual Meeting of the Full

Parish Council meeting on the 22<sup>nd</sup> May 2023. The Standing Orders were readopted under Minute reference 23/16, and the Financial Regulations under Minute reference, 23/17;

- Noted that the Council maintains its official website on a secure server as required by statute, published at: <https://www.westswindon-pc.gov.uk>. The website has been completely redeveloped during the 2023-24 financial year and is now well designed, quick and easy to use and contains all the statutory documentation that the Council is required to publish. As far as it is possible to ascertain, the website is fully compliant with current Accessibility Legislation;
- Noted that the Council maintains a 'Facebook' account, but has not Adopted or Published Social Media policy;
- Noted that the Council confirmed that it continued to meet the criteria to avail itself of the General Power of Competence, and Resolved to readopt the General Power of Competence for the 2023-24 financial year during the Annual Meeting of the Full Parish Council on the 22<sup>nd</sup> May 2023, under Minute reference 23/14;
- Noted that the Council correctly provided the opportunity for the Exercise of Public Rights (EoPR) for 3 working days including the first 10 working days in July; from the 30<sup>th</sup> June to the 10<sup>th</sup> August 2023 inclusive. The date of the announcement of the Notice was the 29<sup>th</sup> June 2023; and,
- Noted that the Council has an adopted and published General Data Protection Regulation (GDPR) policy on its website and that the Council is registered as a 'Data Controller' with the Information Commissioner's Office.

### **Conclusion**

*There are no matters arriving in this area of review warranting formal comment or recommendation.*

## **Review of Expenditure**

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- An official order has been raised for all purchases and service delivery where one would be expected;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and,
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have completed our substantive testing of non-payroll related payments for compliance with the above criteria, selecting a sample of 44 payments for the 2023-24 financial year, comprised of all payments individually above £3,000, together with every 25<sup>th</sup> cashbook transaction (irrespective of value), and totalling £286,411.51 and equating to approximately 59% of all non-pay expenditure processed to the above date with no issues arising.

We note that the Council has undertaken one major procurement (twice June 2023, and October 2023) during the 2023-24 financial year in relation to the Bess Road MUGA. This procurement was in excess of the tender threshold at that time being in excess of £25,000 exclusive of VAT and was correctly registered on the government's Contracts Finder website - link: [Bess Road MUGA tender](#).

Finally, in this area of our review, we have checked and verified all four quarterly VAT reclaims for the 2023-24 financial year, ensuring that these were correctly submitted in accord with the Omega control record and properly disclosed in the year-end accounting statements, with no issues arising.

### **Conclusion**

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

## **Review of Assessment and Management of Risk**

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition. Consequently, we:

- Noted that the Council's insurance cover for the 2023-24 financial year was provided by Zurich Insurance under a 'Local Councils Policy', Policy Number: YLL2720872723, with the period of cover running from: 01/04/23 to 31/03/24:

#### **Key Features**

Public liability	£10,000,000
Products liability	£10,000,000
Employers liability	£10,000,000
Commercial Legal Protection	£1,000,000
Commercial Crime	£1,000,000
Corporate Legal liability	£250,000
Directors & Officers Indemnity	£250,000
Money & Assault	£250,000
Business Interruption	£50,000

We consider the above insured values appropriate for the Council's immediate requirements.

- Noted that the Council has a well-developed Risk Register containing several Risk Assessments. The Council's Risk Register was Approved at the 26<sup>th</sup> of June 2023 meeting of the Parish Council under Minute reference 23/53;
- Reviewed the Council's arrangements for the regular inspection of playgrounds and recreational areas noting that the Council is responsible for 20 Children and young people's playgrounds and one skatepark. The Parish Manger advises me that the estates teams undertake twice weekly visual checks from the 1<sup>st</sup> of April to the October half-term, and weekly inspections from the October half term to the 31<sup>st</sup> of March. These inspections are recorded on standardised forms, and hard copies kept on file and electronically;
- The annual independent playground inspections are undertaken by the RoSPA Playsafety company; and,
- Noted that the Council developed and Adopted a Play Risk Management Policy at the 26<sup>th</sup> of June 2023 meeting of the Parish Council under Minute reference 23/53.

## ***Conclusion***

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

## **Precept Determination and Budgetary Control**

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on the Borough Council, that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans. Consequently, we have:

- Noted that the Precept for 2024-25 financial year was formally approved and adopted at the 22<sup>nd</sup> of January 2024 meeting of the Full Parish Council, under Minute reference 24/209 in the amount of £1,145,463 (£954,674 prior-year) an increase of £129.87 (20%) on a Band D equivalent house;
- Noted that the Parish Manager continues to provide Members with regular management accounting information, including schedules of all payments and bank reconciliations at each Finance Committee meeting, and the March 2024 final accounts outturn review did not identify any unexplained variances arising to warrant further enquiry by officers; and,
- We have also considered the ongoing appropriateness of the level of retained reserves, as at the 31<sup>st</sup> of March 2024, noting that they have increased to £1,176,026.03 (£1,073,489 prior-year). Of that total, 254,571 (£206,208 prior-year) is held in earmarked reserves; funds, ringfenced for specific projects. The residual General Reserve balance of £921,454.48 equates to approximately 12 months' average monthly revenue expenditure at prior-year levels. This sits at the maximum level of retained General Reserve in the generally accepted range for Councils of West Swindon Parish Council's size: between 3 and 12 months' retained General Reserve.

## ***Conclusions***

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

## **Review of Income**

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure that all income due to the Council from its various sources is identified and invoiced in a timely manner and effective procedures are in place to pursue of any outstanding monies due to the Council. Other than the funds received from the Borough Council by way of the Precept and Council Tax Support Grant payments, the Parish receives very limited incomes at present; Allotment rentals, VAT reclaims, bank interest, occasional grants and donations.

- As noted earlier in this report we have checked and verified samples of receipts from cashbooks to bank statements for all three accounts for the year with no concerns noted;
- We previously noted from our Review of the Minutes of the Council and its Committees, that Members Resolved, at the 30<sup>th</sup> of October 2023 meeting of the Parish Council to Resolve to Approve the Endorsement (Minute reference 23/117) of the Planning, Leisure &

Environment Committee, to increase the fees in relation to Allotment Plots for the 2024-25 financial year by 10% as follows:

- £43 for non-parish half plot
- £32 for parish half plot
- £85 for non-parish full plot
- £62 for parish full plot

and,

- We have reviewed the Rialtas Omega Sales Ledger noting that there are no apparent anomalous entries or long-term aged debt.

### **Conclusions**

*There are no matters arising in this area of review warranting formal comment or recommendation. However, we take this opportunity to remind the Parish Manager and Members that any variation to Allotment fees statutorily requires twelve (12) months written notice.*

## **Review of Petty Cash Account(s) and Credit/Debit Card Usage**

The Council does not operate a petty cash account.

However, the Council operates a commercial Barclaycard, which is retained in secure conditions “on-site”, for urgent / internet purchases. The Card has an associated credit limit of £5,000. Settlement is currently in full by monthly BACS transfer, approved in the same manner as all other supplier payments.

We have checked and verified a sample of payment transactions with the card, during the Review of Payments, to supporting invoices, ensuring that each was appropriate for the Council’s activities and that any relevant VAT was separated for periodic recovery.

### **Conclusions**

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

## **Review of Salaries and Wages**

In examining the Council’s payroll function, we aim 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 NI contributions. To meet this objective, by reference to March 2024 for both the administrative and grounds staff, detail of which is prepared in house using bespoke BrightPay software, we have:

- Reviewed the overall payroll for the 2023-24 financial year from the 1<sup>st</sup> April 2023 to the 31<sup>st</sup> March 2024;
- Ensured that the Council has approved staff pay rates for the financial year, where appropriate, and that these have been duly and accurately applied throughout the year;

- Checked to ensure that the appropriate tax code and NIC table has been applied with tax and NI deductions / Council contributions calculated correctly and paid over to HMRC in a timely manner;
- Similarly, checked and agreed the pension scales being applied and the settlements paid over to Wiltshire Council and NEST where appropriate; and
- Verified the sum of the individuals' net payslip amounts to the cashbooks and relevant bank statement entries for the month of March 2024.

### **Conclusions**

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

### **Review of Fixed Asset & Investment Register(s)**

Our objective in this area is to ensure that the Council is complying with the Accounts and Audit Regulations (as amended periodically) and maintaining a complete and accurate register of the assets owned and is also observing best practice in managing its stock of assets.

The Fixed Asset Register which was provided for the purposes of this audit is compliant with the requirements of the Joint Panel on Accountability and Governance guide 2024.

The total value of Fixed Assets recorded on the Register provide is in the amount of £913,429, (£795,501 prior-year).

We have noted that photographic images of all machinery and vehicles are now included in the Fixed Asset Register.

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

### **Review of Investments and Loans**

Our objectives here are to ensure that the Council is “investing” surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment institutions, that an appropriate investment policy is in place, that the Council is obtaining the best rate of return on any such investments made, that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

We have noted that the Council Adopted a detailed Investment Strategy at the 24<sup>th</sup> of July 2023 meeting of the Parish Council under Minute reference 23/75.

Account	Cashbook Number	Reconciled balance as at 31-03-24
Current Account	CB1	£572,951.63
Barclaycard Credit Card	CB2	
Nationwide Building Society	CB3	£372,805.21
Virgin Money / Clydesdale Bank	CB4	£153,393.61
Acorn Community Bank	CB5	£57,000.00
		<b>Total £1,156,150.45</b>

As at the 31<sup>st</sup> of March 2024 the Council held finds, totalling circa £1,156,150, as indicated in the table above. The detail of each account has been checked and verified against the prime documentation, i.e. bank statements as at the 31<sup>st</sup> of March 2024, cashbook entries and corresponding bank account reconciliation reports.



As the Council has a turnover which is greater than €500,000 none of the public funds under its management are eligible to be covered under the Government's Financial Services Compensation Scheme.

The Council has no loans repayable by or to it currently.

### **Conclusions**

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

## **Statement of Accounts and Annual Return**

As noted elsewhere in this report, the Council continues to utilise Rialtas Omega accounting software for the maintenance of its accounts and the preparation of the detailed annual financial Statements of Accounts and Annual Return data.

As recorded in previous years' final reports, the Annual Return provides the Council's statutory Statements of Account subject to external audit certification.

We have checked and verified, by reference to the accounting system's closing Trial Balance and other relevant documents, the content of the Statement of Accounts and the supporting notes, detail of which is transferred to Section 2 of the Annual Return.

We have also reviewed the procedures in place for identifying year-end debtors, creditors and accruals and agreed the detailed values recorded in the year-end Balance Sheet to the underlying records with no long-standing unpaid accounts or other issues arising.

### **Conclusion**

*We are pleased to record that there are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of our review for the year.*

*We have "signed off" the Annual Internal Audit Report in the Annual Governance and Accountability Return assigning positive assurances against each internal control objective.*

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### **NOTE TO REPORT**

*We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.'s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company's data and document retention policies and with the prevailing General Data Protection Legislation.*