

Slip End Parish Council

Internal Audit report for the year ended 31 March 2024

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a Council's activities are operating effectively. Internal audit reviewed the Council's accounting records in respect of the financial year ended 31 March 2024. The Audit findings are summarised in Appendix 1 below.

Executive Summary

The Clerk has been the Clerk and the Responsible Finance Officer (RFO) for the Council. This is their second year in post and has prepared the Annual Governance & Accountability Return (AGAR) for 2023/24.

External audit completed their Annual Audit for 2022/23 in September 2023 and highlighted that specific earmarked reserves had not been created to reduce the general reserve balances. The Council has addressed this and earmarked specific funds in 2023/24 financial year.

Finance System

The Council uses an accounting software package called 'Scribe'. The system records all transactions - payments, receipts, cash, VAT and the bank reconciliations are also undertaken using this system. Therefore, this system has been used to prepare the current year end balances which feed into the 2023/24 AGAR. The system has enabled the Council to maintain its financial transactions electronically. All supporting records have been maintained in a methodical manner and Audit have been able to verify a sample of payments and receipts to supporting documentation. In addition, Scribe has enabled the Council to monitor its budget against its actual expenditure more effectively which has been reported in the monthly meetings.

Website

The Council's website includes a copy of the previous 2022/23 Annual Governance & Accountability Return and the Public Rights Notice.

The Council minutes are up to date and available on the website.

I would like to thank the Clerk for her co-operation during the audit.

Leena Bains

08 May 2024

Appendix 1

	Test	Findings	Recommendations
A	Appropriate accounting records have been kept properly throughout the year	<p>The Council uses 'Scribe' Accounting software to record the financial transactions of the Council.</p> <p>Audit tested a sample of Payments from the cash book and agreed them to supporting invoices, and the bank.</p> <p>Testing confirmed all payments agreed to supporting invoices on file.</p>	None
B	Council met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for	<p>The Council reviewed their Financial Regulations and Standing Orders in May 2023 and is published on the Council's website.</p> <p>There is an error on the Council's website which states the above policies were reviewed in May 2022. This needs to be updated to May 2023:</p> <p>Standing Orders</p> <p>The Financial and General Standing Orders set out how Slip End Parish Council is run and were last agreed in May 2022</p> <p>Financial Standing Orders 2023</p> <p>Review of Financial Systems May 2023</p> <p>All payments are approved by Councillors in the monthly Council meetings. The minutes detail a schedule of payments that require approval and provides details of the date, supplier and value of invoice.</p> <p>VAT is separately accounted for and a VAT claim was submitted to HMRC to reclaim VAT in January 2024.</p>	R1: The date on Council's website needs to be updated to May 2023 as it is incorrectly showing as May 2022.
C	Council assessed the significant risks to achieving its objective and reviewed the adequacy of arrangements to manage these	<p>The Council's insurance policy schedule covers the following:</p> <ul style="list-style-type: none"> • Employer's Liability - £10 million • Public Liability - £10 million 	None

D	Precept requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate	<p><u>2023/24 Budget</u> The budget for 2023/24 was approved in January 2023. Scribe accounting software has enabled the Council to report the actual spend against the cost code budget on a regular basis.</p> <p>An analysis on the actual spend for the year against the Budget for the year has been undertaken to reflect the actual year end position.</p> <p>The Council had an over-spend of £32k in 2023/24:</p> <table border="1" data-bbox="741 427 1086 547"> <tr> <td>Income</td> <td>£56,186</td> </tr> <tr> <td>Expenditure</td> <td>£88,244</td> </tr> <tr> <td></td> <td>-£32,058</td> </tr> </table> <p>However, the Council has large reserve balances.</p> <p><u>Precept</u> The precept for 2023/24 was £50k and was received in 2 instalments in April 2023 and in September 2023. Audit verified the receipts to the bank.</p>	Income	£56,186	Expenditure	£88,244		-£32,058	None
Income	£56,186								
Expenditure	£88,244								
	-£32,058								
E	Expected income was fully received, properly recorded and promptly banked	Audit verified a sample of receipts received during the year as per the cashbook to remittance/supporting evidence. No issues were identified.	None						
F	Petty cash	Consistent with previous years, the Parish Council does not have any petty cash. No further work undertaken in this area.	None						
G	Salaries to employees and allowances to members were in accordance with the Council's approvals	<p>The clerk's salary is administered by IRS Payroll Business and 1/12th of the salary is recorded on scribe on a monthly basis.</p> <p>Box 4 - Staff costs did not include pension costs totalling £2,062. Pension costs have incorrectly been included in Box 6 – Other Payments. The NALC Guidance in Appendix 2 states that staff costs should include pension contributions.</p> <p>The Clerk will need to check the previous year's (2022/23) Staff Costs and Other Payments and restate the balances if this was incorrect.</p>	<p>R2: The following adjustment is required in the AGAR:</p> <ul style="list-style-type: none"> • Box 4 -Staff Costs need to be adjusted by +£2,062. • Box 6 – Other Payments need to be adjusted by - £2,062 <p>Therefore, total payments remains the same at £88,244.</p>						

			R3: The previous year's Staff Costs and Other Payments will need to be checked and corrected accordingly.
H	Asset register were complete and accurate and properly accounted maintained	The fixed asset register was reviewed by Audit. Total value of assets shown in Line 9 was £142,367 which agreed to the transactions recorded in the fixed asset register. Assets are reviewed on an annual basis by the Councillors.	None
I	Periodic and year end bank account reconciliations were properly carried out	Bank reconciliations are presented to the Council for approval. A year end bank reconciliation has been undertaken and has been agreed by Audit and reconciled. Bank In November 2023, the Barclays Bank account was closed and the balance was transferred to Unity Trust Bank. This transaction was minuted in the October 2023 Council minutes.	None
J	Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to cashbook, supported by an adequate audit trail from underlying records	The accounting statements have been prepared on a receipts and payments basis and is consistent to previous year.	None
K	Other	<u>Minutes/Accounts</u> The Council's minutes are up to date and available from the website. The Accounts are all published on the website under Audit & Governance. <u>Reserves</u> During this year, the Council have now earmarked funds for specific purposes rather than leaving money in General Reserves. There is a total balance of £48k in earmarked reserves as at 31 March 2024.	

Appendix 2

Extract from NALC Guidance – Joint Panel on Accountability and Governance Practitioners’ Guide – March 2023

Line 4 — Staff costs

2.15. This cell shows all the costs to the authority relating to the employment of its staff. Staff costs for the purpose of Line 4 include the gross salary of employees, employer’s national insurance contributions, employers pension contributions, gratuities for employees or former employees and severance or termination payments to employees. The following are not staff costs for the purpose of Line 4; mileage and other travelling and subsistence allowances, “Homeworking allowance” that is, an allowance paid to cover the extra costs of working from home, the provision of work-related training, the reimbursement of childcare or other carers costs, the reimbursement of a staff members subscription to the Society of Local Council Clerks, the provision of office supplies such as laptop, scanner or stationery and consultants and agency staff. The definition of “staff costs” for the purposes of Line 4 may differ from what is, or is not, treated as taxable earnings by HMRC. In as much as this is a change of reporting basis, corresponding figures from the preceding year must be restated in a similar basis.