



Fairfields Community Council

Internal Audit Report 2023-24

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*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 system of internal control and for the conclusions to be reported each year in the Annual Return (AGAR).

Auditing Solutions Ltd has been contracted to provide this service. This report sets out the work undertaken in relation to the 2023-24 financial year, which took place on 16th April 2024.

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 mis recording or misrepresentation in the year-end Statement of Accounts/Annual Return (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 'Internal Audit Report' in the Council's Annual Return (AGAR), which requires independent assurance over several internal control objectives.

Overall Conclusion

We have concluded that, based on the programme of work undertaken this year, the Community Council has adequate effective internal control arrangements.

We have completed and signed the "Annual Internal Audit Report" in the year's AGAR, having concluded that 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 Community Council.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

We are pleased to note that the Clerk has prepared an Excel spreadsheet to maintain the accounting records for the year under review, this is adequate for the size of the Council. 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 that end, we have: -

- Reviewed the 2023-24 opening balance detail with that in the certified 2022-23 Statement of Accounts and Annual Return.
- We are pleased to note that the cashbook is routinely reconciled to bank statements and have checked and agreed the closing reconciliation as of 31st March 2024 to the bank statements.
- Noted that bank reconciliations are completed monthly.
- Noted that there were no S137 grants made in 2023-24.
- Confirmed arrangements for back up of financial records system to the Office 365 cloud with the Clerk.
- Checked and agreed a sample of financial transactions as recorded on the spreadsheet to the supporting Lloyds bank account statements with no issues arising.

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 in this area is to ensure that the Council have a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we can ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation.

We are pleased to note that both Standing Orders and Financial Regulations have been formally reviewed and adopted at the Annual Council Meeting held on 18th May 2023 (minute refs. FC23/24-22 & FC23/24-23 respectively).

We have reviewed the Council's 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, also considering whether any actions have been taken or are proposed that might result in ultra vires action or expense with no obvious issues arising.

We have also reviewed the external auditor's report, issued since our last visit, to confirm they are raising no matters regarding the Councils accounts and governance.

Conclusions.

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

Review of Expenditure & VAT

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.
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount.
- VAT has been appropriately identified and recorded in such a manner to allow for its periodic recovery.

We have reviewed a sample of payments during the year to ensure compliance with the above criteria. We are pleased to report that all these payments were supported by the appropriate documentation and VAT identified for recovery.

We note that the VAT reclaim for 2022-23 of £5,344.58 was received on 3rd July 2023 and VAT has been identified in the spreadsheet cashbook for 2023-24 financial year.

Conclusions.

We are pleased to report that no concerns have been identified in this area of our review process warranting formal comment or recommendation.

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 to minimise the opportunity for their coming to fruition. We have: -

- Noted that the Council reviewed the Governance and Financial Risk Assessments at their Annual Council Meeting held on 18th May 2023 (minute ref FC23/24-29).
- Also note that the Council's insurance cover is provided by Zurich and have duly examined the current year's policy schedule which is in force until 30th June 2024 to ensure that appropriate cover is in place, noting that both Public

and Employer Liability are £12 million and £10 million respectively whilst Fidelity Guarantee stands at £250,000.

Conclusions.

We are pleased to report that no concerns have been identified in this area of our review process warranting formal comment or recommendation.

Budgetary Control and Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise. To meet this objective, we have-

- Confirmed that the budget and precept deliberations for 2024-25 were completed, with a precept of £104,403 being approved by Council at its meeting on 17th January 2024 (minute ref. FC23/24 150 2.), equivalent to £83.04 for a Band D property. This is the first increase in the precept since 2019.

Conclusions and Recommendations

We are pleased to report that no concerns have been identified in this area of our review process warranting formal comment or recommendation.

Review of Income

The Council's has limited income apart from the precept, mainly consisting of recoverable Vat and allotment rents.

Conclusions

We are pleased to report that there are no apparent issues in this area of our review. process warranting formal comment or recommendation.

Petty Cash Account/Clerk's Expenses

The Council does not operate a petty cash account; any out-of-pocket expenses incurred by the clerk being repaid checked and agreed to the cashbooks as part of our earlier work on cashbook transactions and reviews of payments.

Conclusions.

We are pleased to report that there are no apparent issues in this area of our review warranting formal comment or recommendation.

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).

- The Clerk is the only employee.

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 are pleased to note that the Clerk had prepared a detailed asset register on an excel spreadsheet there were no changes in the 2023-24 financial year.

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.

The Council formally adopted its new Reserves Policy at the meeting held on 17th January 2024 (minute ref. FC23/24-150 3.).

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 and other third party documents.

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/RFO.