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**Liddington Parish Council**

*Internal Audit Report 2018-19*

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*Nigel Archer*

*For and on behalf of  
Auditing Solutions Ltd*



## **Background and Scope**

The Accounts and Audit Arrangements introduced from 1<sup>st</sup> April 2001 require all Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council implemented the process at its outset, and, following a re-quoting exercise, has reappointed us, at Auditing Solutions Ltd, to provide the service to the Council for 2017-18 and beyond

This report records detail of the work undertaken for the year at our offices, further to the provision of the file of books and records by the Clerk, on 18<sup>th</sup> May 2019.

## **Internal Audit approach**

In undertaking our review we have, as previously, had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts and Annual Governance and Accountability Return (AGAR in short). However, in view of the relatively low number of transactions throughout the year, we have employed direct substantive testing techniques again this year

## **Overall Conclusion**

There are no significant issues arising to warrant any formal comment or recommendation and we have duly “signed off” the Internal Audit Report at Page 4 of the AGAR with positive assurances in each relevant category, returning the original document and files of working papers to the Clerk for submission to members for approval.



# Detailed Report

## Accounting Records and Bank Reconciliations

The Clerk has continued to maintain the Council's financial records using a spreadsheet based system, which we consider appropriate for purpose containing, as it does, relevant analysis to assist in the production of a detailed Statement of Accounts at the financial year-end and a basis for the routine monitoring of actual income and expenditure against the approved budget.

- In order to verify the accuracy of the year-end detail disclosed in the AGAR, we have checked and agreed detail of all transactions in the cashbook to the bank statements for the year; and
- We are pleased to note that members continue to be provided with quarterly bank reconciliations and have checked and agreed the position as at 31<sup>st</sup> March 2019 to the relevant Lloyds Bank's Treasurers and Instant Access Account statements.

### *Conclusions*

*There are no issues arising from this area of our review work.*

## Review of Corporate Governance

There has been a wealth of legislation in the past few years including, inter alia, a further revision to the Member's Code of Conduct following issue of the Localism Act 2011, Freedom of Information Act and associated Scheme of Publication, the revised Accounts and Audit Regulations and the Contract Publication requirement. Our objective in this area is to ensure that the Council has complied with all extant legislation and has developed and maintained an appropriate governance regime.

- We have examined the Council's minutes for the year to ensure that no issues exist or are developing that may have an adverse effect on the Council's financial stability either currently or in the foreseeable future, also that, as far as we may reasonably expect to ascertain: no such issues were identified;
- We are pleased to acknowledge the formal feedback to our Governance Questionnaire as part of the updated internal audit programme and consider the responses to be more than adequate with evidence of effective governance control by members; and
- We note that updated Standing Orders and Financial Regulations have been prepared and were formally considered by the Council at its meeting in May 2018.

### *Conclusions*

*There are no issues arising from this area of our review work.*

## Review of Payments

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;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount: we have also examined the purchase ledger detail to ensure that detail is in line with the nominal accounts; and
- VAT has been appropriately identified for periodic recovery.

Due to the relatively low number of annual transactions, we have examined all payments in the year to ensure compliance with the above criteria and are pleased to record that no significant issues have been identified.

We are pleased to note that the Clerk has previously submitted the annual VAT recovery claim to HMRC for 2017-18 (in the sum of £1,580, which was duly repaid in May 2018) and that the claim for 2018-19 will be submitted shortly.

### **Conclusions**

*There are no issues arising from this area of our review work.*

## Assessment and Management of Risk

We have previously recorded that Risk Assessments had been periodically reviewed and re-adopted in 2014-15 and are pleased to note from our examination of minutes and other documentation provided that these have again been considered and approved, most recently at the Full Council meeting in May 2018. Additionally, we also note that specific village event assessments have been approved (in September 2018) to cater for the use of volunteers.

We note that insurance cover is provided by Ecclesiastical: we have examined the 2018-19 policy schedule (to 31<sup>st</sup> May) and consider that an appropriate level of cover exists for the Council's current needs, with both Public Liability and Employer's Liability at £10 million, Fidelity Guarantee at £150,000 and Business Interruption at £10,000.

### **Conclusions**

*There are no issues arising from this area of our review work.*

## **Budgetary Control and Reserves**

We note that members have considered the budgetary and Precept requirements for 2019-20 in detail, formally adopting the latter at £10,201, excluding the Council Tax Support Grant due of £455, and that this was properly recorded in the minutes of the January 2019 meeting.

We are also pleased to note that quarterly budget monitoring reports continue to be provided to members

Finally in this area, we note that Total Reserves as at 31<sup>st</sup> March 2019 (equally matched by cash at bank balances) stood at £18,500, which is lower than the opening position due to the planned expenditure on new play equipment of more than £12,000 but still represents more than twelve months budgetary expenditure at present.

### ***Conclusions***

*There are no issues arising from this area of our review work.*

## **Review of Income**

The Council has very limited sources of income, basically just the Precept, Support Grant and VAT recoveries, none of which require additional internal audit examination, other than agreement to bank statements and supporting documentation, which has been undertaken as recorded earlier in this report.

### ***Conclusions***

*There are no issues arising from this area of our review work.*

## **Petty Cash Account**

The Council does not operate a formal petty cash account, any “out-of-pocket expenses” incurred by the Clerk being reimbursed periodically through the routine payment process, detail of which we have checked and agreed in full for the year as noted earlier in this report.

### ***Conclusions***

*There are no issues arising from this area of our review work.*

## **Review of Staff Salaries**

Our aim here is to ensure that the Clerk is paid in accordance with the terms of their appointment and that, where appropriate, Income Tax and National Insurance deductions have been correctly deducted and paid over to HMRC accordingly.

The Clerk, who is part-time and has no other employment, is not required to operate a formal PAYE scheme due to low earnings and we have verified the four quarterly payments to her for the year from the timesheet / invoice supplied and approved in the same manner as other trade supplier payments to bank statements.

We have also previously examined the contract of employment and noted from prior year's minutes that members formally considered and approved appropriate amendment in January 2017, with no similar revisions arising in 2018-19.

### ***Conclusions***

***There are no issues arising from this area of our review work.***

## **Asset Registers**

The Accounts and Audit Regulations 1996 (as amended periodically) require that all Councils establish and maintain inventories/asset registers of buildings, land, plant and equipment, etc. owned by them.

We are pleased to note that an appropriate asset register is in existence and that this has been considered in detail, further to a full inventory check and review of title deeds and trust documents in a prior year and have concurred with the figure stated at Box 9, Page 6 of the current year's AGAR.

### ***Conclusions***

***There are no issues arising from this area of our review work.***

## **Investments and Loans**

The Council currently holds no "investment" requiring separate disclosure in the Statement of Accounts, nor does it have any loans either repayable by or to it.

### ***Conclusions***

***There are no issues arising from this area of our review work.***

## **Statement of Accounts and AGAR**



We have verified the accuracy of detail in the Annual Statement of Accounts to the underlying cashbook and other supporting documentation, also checking and agreeing the necessary detail of the data transposed onto the face of the AGAR at Page 6 prior to submission to members for approval.

### ***Conclusions***

***As noted at the outset to this report, we have duly “signed off” the Internal Audit Report at Page 4 within the AGAR, assigning positive assurances in all relevant categories.***