



FINAL

Internal audit report 2023/24

Visit 1 of 1

WANBOROUGH PARISH COUNCIL

Date: 18th June 2024

Report author: R Darkin-Miller
Email: r.darkin@darkinmiller.co.uk

Introduction

This report contains a note of the audit recommendations made to Wanborough Parish Council following the carrying out of internal audit testing on the 26th April 2024 with additional remote work.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as supplemented by the requirements of later AGARs.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

The internal audit for 2023/24 has now been completed in accordance with the provisions of the Practitioners' Guide and the CIPFA code of internal audit practice.

Based on the sample testing carried out at this final audit visit and during the year, all of the Council's current financial controls reviewed during the testing appear to be operating effectively with the exception of:

Test I: Bank Reconciliations

I checked to see that the bank reconciliation was carried out for all accounts on a regular and timely basis. I found that the bank accounts were reconciled, but that the Council was unable to obtain bank statements for two bank accounts following the change of Clerk during the year. The total balance on the two accounts at 01/01/23 (the date of the last statement) was £16436, which equates to 9% of the total year-end balance.

The accounts and audit remained open as long as possible pending the receipt of the statements, but the Clerk made the decision on 12/06/24 to close the accounts in order to prepare the AGAR for June's full Council meeting. As the Council was unable to carry out the bank reconciliations in relation to an estimated 9% of its bank and cash, I have concluded 'no' on the bank test.

Audit Recommendations

Recommendations made during the audit are shown on in appendix one to this report.

Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	4
Medium	6
Low	3
Information	1
TOTAL	14

I would like to thank Tracy Smith, Parish Clerk; and Helen Broughton, Locum Clerk, for their assistance during this audit.

Darkin Miller Chartered Accountants
2023/24 INTERNAL AUDIT OF WANBOROUGH PARISH COUNCIL
FINAL REPORT: 18th JUNE 2024

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
2.1 – Ensure authorised paperwork on file to support all payments	<p>I checked to see that a sample of payments in the cashbook were supported by invoices, authorised and minuted. I found that 17/18 payments were supported by invoice or other paperwork, but that there was no paperwork on file to support the annual payment to the ICO. I found that only 9/18 invoices were signed/initialled by the Clerk to evidence that the invoice was correct, the related goods or services were satisfactorily received, and that the invoice was cleared for payment.</p> <p>I recommend that paperwork is retained to support all payments made by the Council, and that the Clerk signs or initials the paperwork to evidence that all checks have been satisfactorily completed and the amount is cleared for payment. This should help to reduce the risk of fraud or error.</p>	M	<p>ICO paperwork had been deleted. Going forward will be kept.</p> <p>Council is moving towards paperless systems, better for the environment etc. How can this issue be overcome if invoices are all electronic?</p>	Tracy Smith	When paperwork next issued
2.2 – Ensure VAT invoices obtained to support VAT claimed	<p>I checked to see that VAT on a sample of payments had been identified, recorded and reclaimed. I found that VAT was correctly claimed for most samples, but that £64.63 of VAT was reclaimed on an invoice which showed that only £63.52 was due. This was corrected during the audit. I also noted that £2260 of VAT was claimed on a pro-forma invoice (which should not be</p>	L	Invoices will be uploaded on to Scribe going forward	Tracy Smith	Commenced from 1/04/24

	<p>used to reclaim VAT). The Clerk obtained the VAT invoice during the audit.</p> <p>I recommend that VAT invoices or receipts are obtained to support all VAT claimed in future.</p>				
<p>3.1 – Ensure minutes are on the website, and amend minutes where necessary</p>	<p>I reviewed the minutes to confirm that there was no unusual financial activity. I found no such activity but did note that:</p> <ul style="list-style-type: none"> - The minutes of the Allotment Committee meeting of 11/09/23 and the Staffing Committee minutes of 09/05/23 and 16/01/24 were not shown on the Council's website - The minutes of the Staffing Committee meeting of 16/01/24 do not contain any minute numbers - Min 3 Council 25/03/24 referred in error to the approval of the minutes of 24/02/24, this should be 26/02/24 - Min 3 Planning 15/01/24 referred in error to the approval of the minutes of 18/09/23 but they were approved at the meeting of 04/12/23. The minutes of 04/12/23 have not yet been approved. <p>I recommend that the minutes are added to the website in order to ensure compliance with transparency requirements, and amendments are made where required to ensure that all minutes have been properly approved.</p>	L	<p>Minutes of Allotment Committee are being approved at Full Council meeting on 24/06/24. Will then be added to website.</p> <p>Council have approved procedure to publish all draft minutes on website as soon as possible after the meeting</p>	Tracy Smith	After 24/06/24

<p>3.2 – Ensure resolutions are clear</p>	<p>I found that the resolution of confidential minute 13h of the Council meeting of 27/11/23 was unclear. The minute heading does not clearly correspond with the body of the minute, and the resolution itself is not stated.</p> <p>I recommend that the Council confirms what was resolved, and that future resolutions clearly minute the agreed action to be taken.</p>	<p>M</p>	<p>Noted</p>	<p>Tracy Smith</p>	<p>With immediate effect</p>
<p>4.1 – Ensure all budget lines shown in finance system</p>	<p>I checked that there were no significant unexplained variances from budget. I found that the Council received £36k more income than budgeted, and that there was an overspend of £12.4k against budget which mainly relates to the provision of locum support during the recruitment of a replacement Clerk. The net position was a favourable surplus of £24k against the budgeted deficit of (£9.5k).</p> <p>I noted that the budget monitoring report on Scribe does not include the full budget allocation. The budget is shown as £114.8k, but the budget agreed by Council was £127k.</p> <p>I recommend that the full budget is set up in Scribe in future in order to allow all income and expenditure to be fully analysed against budget. This will allow the Clerk and Councillors to see a complete picture of the Council's performance against budget, and enable prompt action to be taken to address adverse variances.</p>	<p>M</p>	<p>Budget has been input correctly on Scribe for 2024/25</p>	<p>Tracy Smith</p>	<p>Completed</p>

5.1 – Retain paperwork to support grants and donations	<p>I checked to see that all income due to the Council is collected. I was unable to obtain evidence to support £10.4k of grant income and donations (7% of total income). This means that it was not possible to confirm that the correct amount was paid to the Council.</p> <p>I recommend that grant award notifications, remittance advices and other correspondence are retained in order to ensure that the Council can prove the source and amount of funds donated in the year. This will reduce the risk of fraud and error.</p>	M	All will be input on Scribe	Tracy Smith	With immediate effect
5.2 – Reconcile allotment income 23/24	<p>I was unable to agree the value of allotment rental shown in the accounts, or to agree that the correct prices had been charged for 23/24. I was provided with two different copies of the allotment register, one which showed income of £1670, and the other which showed income of £1430k. The total income recorded on the financial system was £1095 (excluding the Covingham allotment fee). This indicates that some allotment fees may not have been received.</p> <p>I recommend that a reconciliation is carried out from the allotment register to the detailed records of cash and bank receipts for allotments for 23/24, in order to ensure that all income has been received. This will enable the Council to chase up any income that is still due.</p>	H	<p>Clerk & Locum Clerk have been assured by Councillor running the allotment admin, all fees have been paid.</p> <p>Going forward using the Allotments package on Scribe would be very beneficial</p>		<p>Completed</p> <p>Making request to Council</p>
5.3 – Ensure allotment register notes dates of	I further recommend that the allotment register is updated with a note of when invoices are raised and have been paid, along with a note of the amount and	H	This can be managed via Scribe see point 5.2 above	Tracy Smith	Making request to Council

invoicing and receipt	reasons for any discounts given. This will facilitate future reconciliations and debtor management.				
7.1 – Ensure signed contracts retained by Council	<p>I checked to see that all employees have contracts of employment with clear terms and conditions. I found that contracts were in place for all staff, and that 3/4 were signed by both employee and employer, but that one of the contracts on file was not signed by the employee. The employee concerned has since left and has not kept their personal copy.</p> <p>I recommend that the Council ensures that contracts signed by both parties are retained, in order to ensure that it has evidence that contractual terms and roles and responsibilities were agreed by both employer and employee.</p>	M	Noted	Tracy Smith	Completed for current Clerk
7.2 – Ensure payroll reports show actual figures calculated and paid over	<p>I checked to see that pension contributions had been correctly calculated and paid over. I noted that the employer contributions were due to be 19.7%, but that the Clerk's contract noted a higher amount which was applied for the sample month. The employer payroll report did not show the correct figure calculated and paid over.</p> <p>I recommend that the Council ensures that payroll reports show the actual value of contributions calculated and paid over, in order to ensure that internal reports are consistent and to reduce the risk of fraud and error.</p>	M	Outsourced payroll and pensions to professional body	Tracy Smith	Completed
7.3 – Consider splitting out	I checked to see that a sample of other payments to employees were reasonable, properly supported and	L	Council applying for Business Bank debit card for purchases	Tracy Smith	By end July 24

expenses on code 19 – staff expenses	<p>approved by Council. I found that the sample expense claim was fully supported by a signed claim and receipts. I noted that it was originally coded to staff expenses, but the Clerk confirmed during the audit testing that the net costs (£1.3k, which included £932 re Coronation expenditure) had been recoded across the relevant expenditure codes. I noted a further £495.85 of reclaimed expenses were coded to 19 - Staff expenses.</p> <p>I recommend that the Council considers whether it would improve budget monitoring to split out the remaining expenses across the relevant expenditure codes.</p>				
9.1 – Put dual authentication in place on bank accounts	<p>I noted that, at present, bank payments can be raised and approved by a single user. The use of dual-authentication (where one user raised and another approves the payments) is required to reduce the risk of fraud and error.</p> <p>I recommend that the Council instigates dual authentication of bank payments immediately in order to safeguard its cash at bank.</p>	H	Council have approved to set up second person to authorise account transactions	Tracy Smith	By end July 24
9.2 – Ensure all bank accounts reconciled as soon as possible; and restate 23/24 balance in 24/25 accounts	<p>I checked to see that the bank reconciliation was carried out for all accounts on a regular and timely basis. I found that the bank accounts were reconciled, but that the Council was unable to obtain bank statements for two bank accounts following the change of Clerk during the year. The total balance on the two accounts at 01/01/23 (the date of the last statement)</p>	H	Every attempt was made to secure the statements. Noted accounts to be adjusted when statements received	Tracy Smith	On receipt of bank statements

	<p>was £16436, which equates to 9% of the total year-end balance. The accounts and audit remained open as long as possible pending the receipt of the statements, but the Clerk made the decision on 12/06/24 to close the accounts in order to prepare the AGAR for June's full Council meeting. As a result, I have concluded 'no' on the bank test. An adjustment has been made in the accounts to bring in the estimated interest due on both accounts to 23/24 income.</p> <p>I recommend that the bank accounts are reconciled on receipt of the statements, and note that the 2023/24 figures will need restating in the 2024/25 accounts once the actual bank balance and interest figures are known.</p>				
10.1 – Adjusted errors	<p>The following errors were adjusted in the AGAR:</p> <ol style="list-style-type: none"> 1. £19.03 of interest paid on late PAYE/NI payments was recoded from staff costs to other payments 2. £1.9k of recoverable overpaid PAYE/NI payments made in the year were recoded from staff costs to debtors 3. An accrual of interest receivable relating to the bank accounts for which statements were not received in year was recoded from other payments to other income. 4. The fixed asset register was adjusted following a reconciliation to the prior year register, with a number of small amendments made to the Scribe register, and the removal of an item worth £142 that had been recorded as a fixed asset in error. 	Info	Noted	Tracy Smith	Completed