

Town & Parish Council Audit Services
47 St Pauls Crescent, Coleshill, Birmingham B46 1BB
Tel 07503 002948

INTERNAL AUDIT REPORT

CATERHAM ON THE HILL PC

FINANCIAL YEAR 2023/24

Background and general summary

Town & Parish Council Audit Services has been appointed by Caterham on the Hill Parish Council to provide an independent internal audit for the financial year ending 31st March 2024. The Audit is provided on the information provided by the Clerk to the Council along with a review of the supporting records, together with audit of information available on the Council website.

- Caterham on the Hill Parish Council is made up of nine Councillors representing wards within the parish, with the Quorum for each meeting being three Councillors.
- Meetings are held monthly on the second Wednesday of every month with appropriate Agendas and Minutes issued and published on the Council website, with a schedule of meeting dates being available. The Council also hold bi-monthly meetings for the Planning Committee and Finance Committee and extra-ordinary meetings called as required. Committees have appropriate Terms of Reference which are approved by the Council.
- In accordance with statutory requirements a summons is included in the Agenda to each Councillor.
- A bound copy of the Council Agendas and minutes was available for inspection indicating appropriate numbering of minutes and pages for numerical sequencing. Minutes are signed and dated by the Chair and recorded within the minutes.
- The Chair and Vice Chair sign and complete their Declaration of Acceptance of Office which is duly recorded and Councillors have each signed a Declaration of Acceptance of Office.
- Agendas provide opportunity for Councillors to declare any interests on Agenda items with Members interests forms duly completed by each Councillor, which is published on the Council website along with links to their completed forms.
- A list of Councillors and their responsibilities is published and available on the Council website.
- The Council have not signed up to the Civility and Respect pledge.
- The Clerk is CiLCA qualified and has completed Level 4 Community Governance and the Council is a member of the Society of Local Councils. The Clerk has attended training over the year. Councillors have not attended any training over the year. There is a budget of £200 for Training and in line with good practice it may benefit the Council to have a knowledge and skills audit to identify specific training requirements for Councillors and Clerk in the future, particularly for new Councillors being co-opted onto the Council
- General Power of Competence has been adopted and the Council utilises statutory powers accordingly
- The Council meets its statutory requirements in accordance with GDPR and is registered with the Information Commissioner. It was noted that all Councillors have a separate Parish Council email address which is used by the Clerk for communicating all Council business. Council should note current recommendations regarding .gov.uk email addresses going forwards.
- Electronic data is backed up using both an external hard drive and cloud based storage, with a fireproof cabinet used for physical storage of Council data.

INTERNAL AUDIT

- The Council has a website which is being updated to conform to the current Accessibility regulations, with most documents published in an accessible format. Council has a Website Accessibility Statement and Privacy Notice.
- Previous internal and external audits have been accurately recorded, displayed on the Council website and the period for the exercise of public rights has been identified within the minutes.
- The Council utilises Scribe Accounts software.
- Policies – the website provides access to Council documents which includes Financial Regulations, Standing Orders, Code of Conduct, Complaints Policy, Expenses Policy, Grants Policy, Investment, Finance and Administrative Risk Assessment, Health and Safety, Reserves and Website Accessibility amongst other documents and policies relevant to the efficient management of Council business.
- The Council has a Publication Scheme which is adopted, reviewed and published detailing all categories of information available, the format through which it can be obtained and associated costs.
- The Council has a grant scheme (details available on website) and the Council has considered how grants are monitored and evaluated with discussions fully documented within the minutes of the meetings

Budgetary Controls

OBJECTIVE : To ensure that a budget has been accurately prepared by the Council and adopted in the process of setting the Precept

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Minutes were reviewed to ensure reference to the budgets prepared
- Evidence was sought within the minutes to show benchmarking of budgets against actual income and expenditure
- Current income and expenditure has been discussed by the Council in relation to the following years budget and preparation of year end profit and loss account

AUDIT SUMMARY

Minutes make reference to budgets prepared and bank reconciliations are received and considered by the Council at each meeting which are signed by the Chair of the Council, in accordance with the adopted Financial Regulations. This provides a process by which the Council can monitor income and expenditure against the agreed budget for the Council and identify any significant variances should they arise. The audit concludes that arrangements are in place to enable the preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.

The Council prepares and approves a budget in a timely manner before setting its Precept prior to the commencement of the financial year. Income and expenditure is reconciled at the point in time with projected forecasts to the end of the financial year. Budget headings are well laid out in appropriate categories although VAT is not identified separately and is part of the cumulative totals. Minutes record the reclaiming of VAT.

In accordance with JPAG recommendations the Council adopted a Reserves Policy covering both General Reserves and Earmarked Reserves and the process for managing and using reserves throughout the year and also as part of the annual budget and Precept setting process.

When setting the budget and precept, there is no evidence within the minutes of Councillors submitting Dispensation requests under the Declaration of Interests, or reference to existing approved dispensations if a request had been submitted for a longer period of time ie ability to approve dispensation for up to 4 years.

RECOMMENDATIONS

Approved reconciliations should be included within the content of the approved minutes (currently through Agenda link) and therefore form part of the approved minutes.

Expenditure is identified according to relevant budget headings, however, budget headings in meeting paperwork do not identify VAT expenditure.

INTERNAL AUDIT

All Councillors voting on budget setting and Precept agreement should have completed and submitted a Dispensation request under Declaration of Interests and this should be recorded accordingly within the minutes and included in the bound minute book for reference.

Budget paperwork is provided through Agenda links and need to be incorporated as clear Resolutions within the actual minutes of the meeting eg including budget as an Appendix within the minutes that reference the setting of the Precept

Risk Assessment

OBJECTIVE : To ensure risks are identified and managed effectively

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Review of Council Risk Assessment and areas covered
- Audit of payments linked to Council minutes
- Testing of income and expenditure processes
- VAT recovery procedures

AUDIT SUMMARY

The Council has the appropriate insurance cover in place which is reviewed annually in terms of both cover and provider and includes Fidelity Guarantee, Public Liability cover and Employers' Liability cover.

At each meeting the Chair authorises and signs bank statements and reconciliations once approved by the Parish Council for accuracy and authority.

Council have approved a Financial and Administrative Risk Assessment which included changes relating to bank statements and the use of a debit card linked to the Councils account, providing a robust process for managing financial risks.

The Council has a comprehensive Risk management process which is documented and identifies risk by category, risk description, probability and consequence along with risk level eg high, medium or low. Council clearly identify measures put in place to manage risk providing a robust process for risk management – this is reviewed on an annual basis.

RECOMMENDATIONS

None

Assets

OBJECTIVE : To ensure a complete and accurate register is kept detailing all the assets owned by the Parish Council

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Confirmation of Council Asset Register
- Ensure assets have adequate description to enable them to be identified
- Ensure assets have cost value and there is process in place for inspecting and re-evaluating costs

AUDIT SUMMARY

The Council holds an up to date Asset Register and this is reviewed annually, with items purchased added and valued and a process in place for removing items off the Asset Register. The Asset Register clearly identifies the asset, location and value for insurance purposes and transparency.

RECOMMENDATIONS

For Transparency a copy of the Asset Register be formally adopted and included within the content of the minute of the meeting at which they are reviewed and approved, and form part of the published minutes on the website. There should also be a physical check of the assets each year and reference to this should be included in the minutes of the meetings.

Payroll

OBJECTIVE : To ensure amounts paid as salary are correct and have been subject to PAYE/NIC deductions which have been calculated in accordance with PAYE regulations. To ensure that all deductions have been paid over to HMRC within time constraints. To ensure that pension deductions have been calculated at the correct rate and paid over to the required body in accordance with Pension Regulations.

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Review of procedures for salary payments
- Review of procedures for implementing tax codes and relevant deductions
- Review of pension deduction procedures and reporting to relevant pension scheme
- Review to ensure that payments are accurately authorised by the Council and recorded in minutes of meetings
- Ensure that any contractual changes are recorded

AUDIT SUMMARY

All staff have been issued with Contracts of Employment and there is evidence within the minutes of salary payments along with the relevant statutory requirements regarding Tax and NI insurance contributions included within the budget headings, and supporting documentation provided.

Evidence within accounts and minutes of payments to Pension Fund for staff.

The Council utilises the services of a professional payroll service which ensures that all statutory duties are adhered to. There is no evidence in the minutes of reporting to the employer (Council) of tax codes for the financial year and that the Payroll provider has implemented correct tax codes for the year and issued P60.

RECOMMENDATIONS

As good practice minutes to make reference confirming the Payroll provider has fulfilled statutory duties on behalf of the Council eg P60s.

Bank and cash income and expenses

OBJECTIVE : To ensure systems in place for the accurate recording of all income and expenditure is sufficient and free from material error or misstatement. To ensure that all expenditure has been authorised by the Council and minuted accordingly and that all income can be verified to the source

WORK DONE :

As part of the audit the following work was undertaken for this objective :

- Bank reconciliation has been checked for arithmetical accuracy. Brought forward balance agreed to previous year reconciliation
- Bank balances have been agreed to bank statements as at 31st March 2024 and receipts and payments totals agreed
- A sample of costs verified against meeting minutes, vouchers, authorized payment, paid in accordance of the instructions, VAT correctly recorded, section 137 expenditure clearly identified

AUDIT SUMMARY

Bank reconciliations are presented and approved by the Council in accordance with procedures outlined in Financial Regulations and audit checks completed for arithmetical accuracy with no concerns.

Funds held in the Lloyds savings account are regularly monitored and minutes reflect authorised transfers to the Councils current account with Unity bank. Minutes accurately reflect governance of financial decisions eg adopted Reserves Policy and adopted Investment Strategy. The Council have considered a Public Sector Deposit Fund account and sought appropriate financial guidance in order to make sound financial decisions which address risks to the Council.

Bank statements are made available to all Councillors as well as income and expenditure information to note and approve against budget. No petty cash is held.

Records of payments are contained within the minutes of the meetings and approved for payment by the Parish Council, detailing payee, amount and purpose of payment. Where applicable Section 137 expenditure should be duly recorded. A debit card is used with appropriate procedure within Financial Regulations and also the Financial and Administrative risk assessment.

There is no record within the minutes of the annual advertisement of Cllrs allowances and expenses on the noticeboard (whether these by zero or for a sum of money)

RECOMMENDATIONS

Amendments to recording of minutes as detailed above.

INTERNAL AUDIT

TOWN AND PARISH COUNCIL AUDIT SERVICES

47 St Pauls Crescent, Coleshill, Birmingham, B46 1BB

Email : TPCauditservices@outlook.com

Tel 07503 002948

In accordance with my Internal Audit report, controls and procedures have been audited in accordance with the Governance and Accountability for Local Councils Practitioners' Guide.

Recommendations for improvement have been identified within the content of my Internal Audit Report for Council consideration.

I confirm that I do not have any role within the Council and carried out my audit without bias and follow the Public Sector Internal; Audit Standards 2012 to enable the Council to comply with these Standards and Accounting regulations.

I can confirm that there are no areas of concern and no matters to raise. The Council has strong and robust governance procedures and is well guided by qualified and knowledgeable Clerk to the Council.



Louise Baudet

Town and Parish Council Audit Services

15th May 2024