

Cosby Parish Council

Internal Audit Report

Year Ended 31 March 2024

I have set out below the scope of my work together with my observations and recommendations.

Scope of Work

In order to be sufficiently satisfied to sign the Internal Auditor Statement on the AGAR, the work undertaken during the course of the internal audit was as follows:

1. The entries on the accounts section of the AGAR were agreed to the underlying records including the detailed income and expenditure report.
 - The closing reserves were proven by reference to total payments and receipts (extracted from the monthly cashbooks) and movements in debtors and creditors.
 - Fixed assets were agreed to the inventory.
2. A review of the minutes for the year was undertaken for any significant items and to ensure policies and procedures were being correctly carried out.
 - Bank reconciliations are noted as presented to Council each month and a signed copy forms an integral part of the minutes.
 - A copy of the monthly Income and Expenditure report is included with the minutes each month.
3. A detailed bank review was undertaken as follows:
 - Opening balances per the cash book were agreed to the closing balances on the 2022 AGAR.
 - Closing bank reconciliations were checked to ensure they were in agreement to the bank statements and cash books, and that any outstanding amounts cleared the bank account in a timely manner after the year end.
 - A proof in total was performed for each bank account.
 - Bank accounts reviewed for transfers to ensure no time delay.
 - Bank statements were reviewed to ensure no errors, omissions or irregularities.
 - The cashbook sheets were reviewed for any unusual reconciling or journal entries.
4. A sample of payments was selected and agreed to underlying documentation to ensure that it was bona fide for the use of the Council.
 - VAT reclaim where applicable was also checked.
5. Receipts testing was undertaken.
6. Year end debtors and creditors were agreed to underlying documentation.
7. Payroll testing was undertaken as follows (One month selected)
 - Gross pay for one month was agreed to personnel records and to the NALC pay lists.
 - Deductions were checked and agreed.
 - Net pay was agreed to the cash book.

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- Payment to HMRC and the pension payment were agreed to the cash book.
8. Risk assessments were reviewed to ensure all risks faced by the Council had been addressed.
 9. Insurance documentation was reviewed to ensure that adequate cover is in place.
 10. Asset registers and inventories were reviewed.
 11. The precept setting process was reviewed to ensure that it resulted from an adequate budgetary process.
 - The precept received was agreed to the amount set in the minutes in the previous year.

Observations/Recommendations – 2024

1. Minutes

- There is no evidence in the minutes that accounts paid/to be paid have been approved in line with the Financial Regulations, although the accounts and bank reconciliations are approved.

Recommend that the BACS list is presented to council for approval.

- The Financial Regulations require that at least once a quarter and at the end of each financial year, the bank reconciliations are independently reviewed by a member of Council other than the Chair or bank signatories. There is no evidence in the minutes that this has been done, although the bank reconciliations are presented to council each month and signed by the Chair.

Recommend that this process is completed moving forwards.

2. Basis of Accounts

- The Council has chosen to prepare the accounts on an income and expenditure basis, but the level of income and expenditure allows for the accounts to be prepared on a receipts and payments basis.

3. Bank and Cash

- To comply with the Financial Regulations, a list of regular payments and direct debits should be presented to Council and approved annually in accordance with the Financial Regulations. Any new direct debits should be approved by Council and the details minuted.

4. Payroll

- The pension contributions in respect of the March salaries were not paid until April 2024, but has not been provided for as a creditor at the year end. This was also the case in 2023 and therefore the effect on the accounts is trivial.

5. Insurances

- The insurance cover assets other than buildings and contents falls short of the value of assets on the asset register as are the declared values on the policy documents. The asset register, in most cases, is at historic value so the replacement cost would be higher still. However, these assets are spread over several locations so it is unlikely that total loss would occur in any one instance. Playground equipment is in one location but cover is sufficient for the assets listed on the register.

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Recommend that insurance cover is reviewed with reference to the asset registers to ensure that there is sufficient cover for each category.

6. Risk Assessments

- The Council is aware of the risks it faces. There is a risk register which has been updated during the financial year and which covers all areas of risk faced by the Council. The following are also in place to manage both the financial and non-financial risks faced by the Council:
 - Standing Orders
 - Financial Regulations
 - Regular inspections and maintenance of the playground equipment
 - Regular inspections of the cemetery
 - Adequate liability insurances

The Clerk continues to work to formalise the individual risk assessments, including financial, staff, open spaces, cemetery and health and safety assessments.

- Consideration should be given to continuity plans in the event that the Clerk is indisposed for a long period of time and not able to fulfil his duties.
- A review of the Council website indicates that the following policies have not been reviewed for a number of years:
 - Health and Safety
 - Data Protection (now GDPR and should include Privacy Notices etc)
 - Code of Conduct

I recommend that these policies are reviewed and brought up to date and in line with current legislation and that a register of policies is maintained detailing the review cycle.

7. Creditors

- No Accruals have been provided for. There is no provision for internal or external audit costs or the cost of the RBS closedown, amounting to approximately £1,395. However, these are annual costs and have not previously been provided for so the non-provision has an immaterial impact of the overall financial position.

8. Debtors

- The only debtor provided for is for a credit note due for street lighting amounting to £582. No provision has been made for annual charges which span the year end as follows:
 - BHIB Insurance which runs to 31st May each year.
 - ADT CCTV maintenance contract which runs to 26th November each year.
 - SLCC Subs which run to 31st December each year
 - RBS Maintenance which runs to 31st December each year
 - Work Nest health and safety consultancy which runs for a year to 31st August 2024

The total prepayment in respect of the above is £1,789. The year on year movement does not have a material impact on the financial position as these are also year on year costs.