

## **REPORT BY INTERNAL AUDITOR**

### **ANNUAL AUDIT 2023/24 AND OTHER MANAGEMENT MATTERS**

#### **WALLINGTON DEMESNE PARISH COUNCIL**

#### **BACKGROUND TO REPORT**

Under the provisions of:-

- a) the Accounts and Audit Regulations 2015 and in accordance with
- b) the guidelines contained within the J.P.A.G. Document "The Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements

Councils, such as Wallington Demesne Parish Council, should arrange for an independent and suitably qualified person to carry out an internal audit who, on the basis of an assessment of risk, should carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31st March.

The internal auditor is provided with a detailed checklist ("objectives of internal control") in the Annual Governance and Accountability Return (AGAR) 2015 to which he/she is asked to state if they Agree (YES), Disagree (NO) or state N/A or Not Covered to each entry marked A-O on the checklist included in the return.

Such responses signify conclusions on whether, in all significant respects, each objective was being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Under the relevant sections of the Audit Commission Acts auditors are required to report any matters which should be given formal consideration by the body or brought to the attention of the public.

However there are slightly different rules for smaller Councils, where the higher of gross income or gross expenditure was £25,000 or less, that meet the qualifying criteria, can claim exemption from a limited assurance review. In which case no external audit will be required but nevertheless a report from an independent Internal Auditor should still be commissioned to complete the relevant AGAR Form.

I have been advised the Council made such a decision to Claim Exemption will be considered at its Meeting held on 20<sup>th</sup> May 2024.

#### **CARRYING OUT THE AUDIT**

I discussed the audit with the Clerk by email and SKYPE at various times during the period 11<sup>th</sup> April and 27<sup>th</sup> April 2024.

I was advised that the Exemption Certificate is due to be submitted by 30/6/2024 and that it will be dealt with at your Meeting to be held on 20th May 2024.

As the discussions took place over the internet I could not examine all relevant documents at first hand so my findings are based on a series of random selections.

#### **BUDGET 2023/24**

The out-turn figures for both receipts and payments were both within reasonable parameters of the original budget adopted by the Council at its Meeting held on 21<sup>st</sup> November 2022.

## **Receipts**

Other than the Precept, the other receipts received by the Council during 2023/24 were for Burial Plot fees, Rent (football pitch) and Bank Interest.

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VAT repayments would normally be included in the receipts but I was advised that there were some issues with HMRC in recovering any vat payments made during the year but these should be recovered during 2024/25.

## **VAT**

I noted that there were several transactions which attracted vat amounting to £119.32 but for the reason outlined in the previous paragraph vat was not recovered from HMRC in 2023/24 nor indeed was it recovered for 2022/23 (£50.60).

The clerk has already taken action to recover the vat total of £169.92 from HMRC which remains to be repaid for 2022/23 and for 2023/24.

I have asked the Clerk to include in her reports to the Council the vat paid on any invoices submitted. I noted that she has in fact started to make such inclusions

I checked some of the invoices where vat had been charged and found them to be in order.

## **PAYMENTS**

### **Invoices**

From the random selection made all invoices received appear to have been referred to the Council for approval and were in keeping with a previous authority to incur such expenditure.

### **Donations**

I noted that one grant had been made by the Council during 2023/24. It would be helpful to any auditor for the relevant minute to indicate the power under which any grant had been.

## **END OF YEAR BALANCES**

The balances to be carried forward 2024/25 are £12,105.32 compared with £12,878.21 for the year ending 2023/24.

The balances equate to more than 12 months current running costs for the Council.

External audit guidelines for balances are usually under 12 months running costs unless major works etc are proposed or there is an element of ring fencing, or carrying over, involved.

I understand that the Council are looking into interactive signage for the parish.

## **WORKS UNDERTAKEN DURING 2023/24**

None noted.

## **LONG TERM PLANS**

As mentioned above, I understand that the Council are looking into interactive signage for the parish.

## **GENERAL MANAGEMENT MATTERS**

## **PAYE**

I understand that the Clerk's salary is subject to PAYE and administered via the HMRC Basic Pay Tools database.

## **EXPENDITURE GREATER THAN £100**

These can be found in the Council's minutes.

## **INSURANCE**

### ***Policy***

I was advised that the Council's existing policy has been arranged with BHIB and is year one of a 3 year contract.

### ***The Fidelity Guarantee Cover***

I understand that the Fidelity Guarantee Cover is £50000 which is more than adequate for the Council's purposes.

### ***Claims***

I understand that there were no insurance claims made by or against the Council in 2023/24

## **CLERK'S SALARY AND TERMS AND CONDITIONS**

I understand that the Clerk's salary has been adjusted in accordance with the NALC pay settlement for Local Authority Employees @ £1 an hour with effect from April 2023.

## **TENDERS/QUOTATIONS**

I understand that no tenders nor quotations had been sought during 2023/24.

## **BANKING ARRANGEMENTS**

I understand that the Council banks with Lloyds and that no charges were incurred in 2023/24.

In addition I was advised that the Council has deposited some funds with the NS&I.

Given the Council's healthy reserves and that some funds might not be required immediately it might be worth checking that the current rate of interest received are the best on the market at present.

## **PETTY CASH**

I was advised that no Petty Cash is held.

## **OTHER MATTERS**

## **MINUTES**

I carried a random check on the minutes of a Meeting being signed and dated by the Chairman and found a few matters, mainly minor issues, which I have drawn to the Clerk's attention namely.

Meeting held on 25<sup>th</sup> September 2023

2023/25 - Should read 24<sup>th</sup> July 2023

Meeting held on 27<sup>th</sup> November 2023

2023/124/04 – it would have been helpful to quote the power under which the grant was made.

Minutes generally

I carried out a random check on 3 pages from different pages of the Council's minutes. I noted that 2 had been signed but one (Page 1 of the Meeting held on 22<sup>nd</sup> January 2024) had not. The Clerk should check that all pages of all minutes for 2023/24 have been signed.

Other more detailed comments arising from the minutes are set out elsewhere in this report.

## **POLICY STATEMENTS**

### ***Annual Review of internal auditor***

I was appointed to this role at your Meeting held on 25<sup>th</sup> March 2024. Minute No 2024/33 refers.

It would be advisable if the Council had a procedure in place to review the effectiveness of internal audit procedures.

### ***Asset Register***

Resolved as an accurate record at a Meeting held on 25<sup>th</sup> March 2024 subject to an amendment of noticeboard size at Scots Gap to 3' x 3'

Minute No 2024/34 refers.

I have inspected the Register and noted the change made (size of board reduced from 6' x 4' to 3' x 3')

### ***Annual Review of Risk Assessment***

I noted that it had been agreed at the Meeting held on 25<sup>th</sup> March that the existing Risk Assessment dated 25<sup>th</sup> March 2024 was sufficient. Minute No 2024/35 refers.

### ***Code of Conduct***

I understand that the Council has adopted the NALC Code of Conduct 2011

## **A NOTE ON THE 2024/25 BUDGET /PRECEPT PROCESS**

### ***Budget/Precept for 2024/25***

It was noted that the Clerk had presented reports on both the budget and precept requirements for 2024/25 were considered at (a) its Meeting held on 27<sup>th</sup> November 2023 and (b) approved at a Meeting held on 22<sup>nd</sup> January 2024.

Minute Nos (a) 2023/124 and/125 and (b) 2024/11/02 and/03 refer.

## **OTHER MATTERS NOTED DURING THE AUDIT**

## PAYMENTS NOT REPORTED TO THE COUNCIL

I noted that some payments had not been included in the "Payments for Authorisation" section of the Agenda, including some HMRC payments and certain costs relating to the annual insurance premium paid to BHB and the Christmas tree.

Whilst these payments might have been set out in the various budget reports presented by the Clerk to the Council I have asked her to address this matter at the next Meeting of the Council.

## THE UNDERLEASE TO WALLINGTON FC

I noted that the Council has a lease with the National Trust and an underlease with Wallington FC which is subject to a rent review every 5 years.

Whilst it is not in my remit to become involved in any negotiations with either the Trust nor the Football Club it appears that the Council is paying more in rent than that being received from the Club, apart from legal and other costs in setting up the original lease/licence to underlease and the eventual underlease to the Football Club.

If the opportunity arises the Council might wish to consider the option of the Football Club taking a lease directly from the National Trust rather than acting as an intermediary. There may of course be a good reason why the Council entered into the current arrangements that it has with Trust and the Club.

## THE BUDGET REPORTS

I had some difficulty with the budget report as certain items were not identified under the correct heading.

As I understand the situation in the column headed **Payments** for the 2023/24 **Budget** the Miscellaneous Payments were for the Christmas Tree, and the Christmas Tree budget was for the electrics attached to the tree.

In addition **Payments** (including Salary of £3,100) were £5,850 compared with an **Actual** figure of £5,106,52.

I noted that the Clerk had provided a detailed **Variance Sheet** which explains the reasons behind any variances to both Receipts and Payments.

## BURIAL GROUND CHARGES

It appears that the Charges have remained the same for almost 7 years. Given the level of inflation during this period the Council needs to keep the charges under constant review.

## MATTERS REQUIRING ATTENTION

- a) To show the split between the net amount paid and vat when reporting any payments to the Council.
- b) To show the power under which any grant has been made.
- c) To check that all minute pages have been signed by the Chairman.

## THE RESPONSE TO THE AUDIT FOR 2023/24

Following a detailed discussion with the Clerk, and having reviewed a range of documents and other records, I came to the conclusion that I could respond **YES or NOT COVERED** where appropriate to each of the objectives identified by the external Auditor.

However Councillors should note that I could have stated NO to the following boxes:-

***B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.***

As to the missing payments requiring authorisation I have asked to Clerk to present a report to the Council outlining the payments concerned. It is possible that some of these payments have been covered by previous Council decisions and, as this is the case where the Council has Certified themselves as EXEMPT from a limited assurance review, I am minded to state YES in this box.

***E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.***

As VAT has not been recovered for 2022/23 and 23/24 but this appears to have been due to lack of response by HMRC and to no fault of the Council. I have therefore stated YES in the relevant box.

As requested on the Annual Internal Audit Report 2023/24 I would comment on the **NOT COVERED** boxes as follows:-

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### **Box K**

*I have ticked YES against objective K as the Council certified itself as exempt from a limited assurance review for the 2022/23 audit as its turnover is below £25,000.*

### **As to Box L**

*I have ticked the YES box against objective L as to whether the council does, or does not, certify itself as exempt from a limited assurance. It does however still comply with all the requirements of the code and I have been advised that all the relevant information is available on the council's website.*

*I have carried out a random check on the Council's website and found that the information was available.*

## **QUALIFICATIONS ON THE AUDIT**

My report is based on a limited review of the Council's accounts and is not a full audit and should not be taken as approving the Council's accounts 2023/24.

The purpose of this report is to be satisfied that the Council has adequate systems in place to meet the numerous control objectives sought by the External Auditor and to recommend possible improvements to the Council's existing systems.

M. G. Ackroyd  
Internal Auditor

30<sup>th</sup> April 2024

