

Wingate Parish Council

Internal Audit Report 2024-25

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). This report sets out the work undertaken in relation to a review of the 2024-25 financial year during June 2025.

Scope of the Work and the areas of Audit Work examined

The objective of this review is to provide an appropriate level of assurance to the Council on their governance, procedures and financial control for the entire financial year, generating full and supportable assurances in the Annual Governance and Accountability Return (AGAR) for 2024-25. The Scope of Work covers the key control tests identified in the AGAR so the following areas of activity have been examined and tested by Internal Audit.

Accounting Records and Bank Reconciliations

The Council continues to use a Microsoft Excel spreadsheet to record cash transactions during the year. I have test-checked a range of cashbook transactions for the financial year to the schedule of payments reported to Councillors; to the supporting bank statements; and checked and agreed the bank reconciliation. It was noted that bank reconciliations are now presented at Council meetings and this practice should be continued to add further degree of financial control. Based on the records presented, and the limited amount of testing that can be done remotely. I have agreed the reconciliation of the bank statements at the end of the year to the Receipts and Payments book closing balances as at 31 March 2024. Consequently, the accounting records appear to have been satisfactorily maintained by the Council.

Payroll

Payroll services are provided by Durham County Council under a service level agreement so that the County Council pays the Wingate employees and pays over the employee and employer NI & Pension contributions to the appropriate bodies. Reimbursement of these payments are made weekly and / or monthly by BACS. through the Council's bank account. All payments are confirmed by Councillors and recorded in the Council agendas at each parish council meeting. A detailed payroll report for the year was provided by Durham County Council which enabled the reconciliation of the payments that appear in the Wingate accounts.

Income

Fees for the bowling club, the football teams and the allotment rents were discussed at the meeting of the Council on 13 May 2024 and it was agreed to maintain the fees at the level of the previous financial year. Income for these activities recorded in the cash book is in line with the agreed fees.

Accounts Payable

With the exception of Direct Debits for the reimbursement of payroll costs, the majority of payments are made by cheque with only a small number of cash payments made by the Clerk where this is the most appropriate method. The Clerk is then reimbursed by cheque.

The Council does not at the moment operate a Petty Cash system.

Cheques for payment are prepared by the Responsible Finance Officer (Clerk) and together with the relevant invoices are presented to the Council each meeting. The cheques are matched to the invoices and signed by the Clerk and 2 of the Members, who all sign the cheques stubs. I have followed the audit trail on a sample of payments following the process from the original invoice to the cheque; the council agenda; the bank statement and the Receipts and Payments spreadsheet. It was found that everything was correctly recorded throughout the process.

Security/Assets

The asset register is kept on a spreadsheet with either the historical cost or insurance value recorded against each asset in accordance with recommended practice. The register was last considered by the Council at its' March 2024 meeting.

Assessment and Management of Risk

It is necessary to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks. The Risk Register was reviewed and updated by the Council at its meeting in March 2024.

Budget Monitoring and the Precept determination

The Council considers the precept for the ensuing financial year based on a report showing detailed estimates of income and expenditure after reviewing the original and revised budget for the current financial year. At its January 2024 meeting, the Council agreed its budget for 2024-25 setting the precept at £184,832

The financial regulations require that the Council is provided with regular statements of receipts and payments under each head of the budget comparing actual expenditure against the estimate but there is no evidence that this takes place other than a revised estimate based on actuals when calculating the following years precept. At the very least, an end of year comparison of actual expenditure and income against budgeted figures will assist the budget process for the following years and identify any balances earmarked for outstanding payments. This point was raised at last year's audit.

Investments

The Council operates a Community Direct Plus Account with the Co-operative Bank from which payments are made and income received which maintains a balance of £3k by transfers to and from a Business Select Instant Access Account, which holds the balance

of the authority's cash balance and earns interest. The total cash as at the 31st March 2024 was £105,016. There are no further investments.

Reserves

Section 50 of the Local Government Finance Act 1992 requires that billing and precepting authorities in England and Wales have regard to the level of general reserves needed to meet estimated future expenditure when calculating the budget requirement. There is no specified minimum level of reserves that an authority should hold. It is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

Having examined the policies of some other parish councils, most express the level of reserves as either a percentage of the precept or the equivalent of 3 month expenditure. Some have a policy of reserves being at 40% of the precept, which in Wingate's case would mean reserves of around £74k, whilst covering 3 months' worth of expenditure would mean reserves of around £53k.

In arriving at the precept for 2024-25 an increase in balances was built into the estimated requirement and with also a small underspend against the budget, the balances currently are in a healthier position for the authority.

The actual figure for balances at 31st March 2024 was £108,274 although that figure includes earmarked reserves of £40k so the general reserves are £68,274. Consequently, the general reserves are in a much healthier position than in previous years.

Governance Arrangements

Standing Orders and Financial Regulations were discussed at May 2022 meeting of the Council and it was resolved that the Clerk, Chair and Vice Chair undertake a review of the model standing orders and financial regulations and adapt them to ensure appropriateness for use by the Parish Council and these were approved in the previous financial year.

It has to be noted that the authority did not publish the Accounting Statements for 2023 - 24 on the Parish Council's website as required by legislation.

Overall Conclusion

On the basis of the of work undertaken this year, the Council has again maintained more than adequate and effective internal control arrangements. Thanks to the Clerk for the excellent records kept by him and for his assistance, which has ensured the smooth progress of the audit process. Consequently, I have completed and signed the 'Internal Audit Report' as part of the year's AGAR process having concluded that, in all significant respects, the internal control objectives set out in that report were achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Jeff Dinning
Internal Auditor

