

Sunninghill & Ascot Parish Council

Internal Audit Report 2024-25 (Final)

Susan Cook

*For and on behalf of
Auditing Solutions Ltd*

Background and Scope

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) 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 the 2024-25 financial year, during our interim review of the Council's records for the year, which was undertaken at the Parish Office on 22nd January 2025 and 1st May 2025. We thank the Clerk, the Assistant Clerk and the staff for assisting the process, providing all necessary documentation in either hard copy or electronic format to facilitate commencement of our review for the year.

Internal Audit Approach

In undertaking our review, we have again had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'IA Certificate' in the Council's AGAR, which requires independent assurance over a series of internal control objectives.

Overall Conclusions

We are pleased to record that the Council continues to maintain adequate and effective internal control arrangements with only a few issues identified this year, detail of which is set out in the body of the report with resultant recommendations summarised in the appended Action Plan. We are also again pleased to acknowledge the quality of records maintained by the Clerk and office staff.

We have duly completed and signed off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area, apart from Box 'E'.

We take this opportunity to remind the Clerk and Council of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.

We ask that this report is presented to members and their comments reported to us.

Detailed Report

Review of Accounting Arrangements & Bank Reconciliations

The Council uses the Omega accounting software to record accounting transactions through its principal bank account at Lloyds, together with periodic activity on other accounts (Blythewood, Victorian Fayre, Instant Access and CIL) with occasional fixed term deposits at Lloyds and the Yorkshire Bank. Due to the high amount of CIL the Council agreed to further investment of these funds, with an Investment Policy approved by Council at the June 2023 meeting. Following on from this, accounts were opened with Cambridgeshire & Counties Bank and Buckinghamshire Building Society with transactions recorded through Omega. Since our last visit a further account has been opened with Market Harborough Building Society. Our objective in this area is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. To meet that objective, we have:

- Ensured that the opening balances recorded on the Omega accounting system for 2024-25 reflect those in the certified 2023-24 Accounts and AGAR;
- Ensured that an appropriate cost and nominal coding structure remains in place;
- Ensured that the Omega accounts remain in balance as of 31st March 2025;
- Checked and agreed all Current account transactions for August 2024, December 2024 and March 2025 by reference to the supporting bank statements;
- Confirmed that payments continue to be made by BACS as approved by the Finance and Personnel Committee at its meeting in June 2022;
- Checked and agreed all recorded transactions in the other account cashbooks to the relevant bank statements for the year to 31st March 2025; and
- Checked and agreed the bank reconciliations on all accounts as of 31st August 2024, 31st December 2024 and 31st March 2025.

Conclusions and recommendations

We noted at our last review that there had been no movement on the Blythewood Account since 2018, there is a considerable sum in the bank account and councillors should consider moving the funds to an interest earning account, they should also be aware that the bank could consider the account dormant and may take steps to close the account.

The Council has not received any statements from Yorkshire Bank (last received May 2023), Buckinghamshire Building Society or Market Harborough Building Society as at 31st March 2025, we are therefore unable to confirm that the Council has received all income due to during 2024-25 and are unable to provide a positive response to Internal Control 'E'. We note that the account with Cambs and Counties Building Society is due to mature in June 2025.

We also note that the March 2025 bank reconciliations have not been signed, which is not in accordance with usual practices.

R1. The Council should consider placing the Blythewood funds into an interest earning account.

R2. The Council should ensure the March bank reconciliations are signed in accordance with usual practise.

Review of Corporate Governance

Our objective here is to ensure that the Council has robust corporate governance documentation and processes in place, that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are able to reasonably ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that SOs & Financial Regulations (FRs) are in place, both having been reviewed and re-adopted by the Council in May 2024.

We have examined minutes of the Full Council and Standing Committees' meetings (excluding Planning) for the year to 31st March 2025 as posted on the Council's website. Our review aims to identify whether or not any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability and to also ensure that the Council has not taken, nor is planning, any actions that might result in ultra vires expenditure.

We note that Councillors undertake approval of payment of invoices at their meetings, this is now recorded in the minutes and a copy of the payments list published on the council website.

We note that the external auditor completed their return for 2023-24 on 20th September 2024 with the following comment.

'The smaller authority has disclosed that it made proper provision during the year 2023/24 for the exercise of public rights, by answering 'Yes' to Section 1, Assertion 4. However, Information has come to our attention from the internal auditor highlighting the fact that Sections 1 & 2 of the 2022/23 AGAR, Notice of conclusion of audit and the external auditor report and certificate were not published on the authority's website by the dates specified in the Accounts and Audit Regulations 2015.'

Conclusions and recommendations

Following on from the note in the external auditors report, we are pleased to note that the relevant paperwork for the 2023-24 financial year has been published on the council website in accordance with the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities.

We note that Council has adopted the amended Finance Regulations but that it has no finance procedures in place. At the time of our visit, no financial processes had been put in place, however, the Clerk was still providing financial services to the Council. We repeat our recommendation that documentation is gathered before the Clerk leaves to ensure that financial processes are documented to ease the transition for the new clerk.

R3. Current finance procedures should be documented to support and smooth the transition for the new Clerk.

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;

- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct nominal codes have been applied in entering detail in the cashbooks; and
- VAT has been appropriately identified and been the subject of periodic recovery.

We are pleased to note that members continue to examine and sign-off trade invoices confirming their review and authorisation for payments to be released, their initials being recorded on the rubber certification stamp affixed to every invoice: the stamp also identifies the payment date, payment reference number, amount paid and nominal account code being charged with the expense.

We have selected a sample of payments individually in excess of £2,000, together with a further selection of every 25th cashbook transaction (irrespective of value) for examination and confirmation of compliance with the above criteria for the year to 31st March 2025. Our test sample includes 57 individual payments totalling £283,642 and equating to 75% by value of all non-pay related payments for the year.

We are pleased to note that VAT returns continue to be submitted quarterly throughout the year, electronically as required by extant legislation and have ensured appropriate recovery of the final 2023-24 quarterly reclaim and those to 31st December 2024 by reference to the Omega control account.

Conclusions and recommendations

In our previous report we noted an ongoing monthly standing order for £5.00 payable to St Michaels for which there is no supporting paperwork, this continues to be charged to the Councils bank account.

R4. Supporting documentation should be provided for all payments, including grants. The payment being made to St Michaels should be reviewed and discussed with the payee, with at least an annual invoice issued if the payment is to continue.

Assessment and Management of Risk

Our aim here is 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; to monitor and manage those risks identified in order to minimise the opportunity for their coming to fruition.

The Council has re-adopted its Risk Management Strategy in May 2024, which we have reviewed, noting that it has yet been updated to provide the Clerk with the required powers to act on behalf of the Council in the event of a further incursion by travellers on Council property.

The Council's insurance cover is provided by Clear Councils for 2024-25: we have examined the current year's policy schedule noting that both Public and Employer's Liability cover stand at £10 million. Fidelity Guarantee cover remains at £250,000 and Business Interruption - Loss of Revenue cover remains in place at £20,000.

The Council has 4 play areas, which are inspected quarterly by the Play Inspection company, their last inspection taking place in February 2025.

Conclusions and recommendations

Due to the high amount of funds currently held by the Parish Council, we are surprised that the level of Fidelity Guarantee was not increased following our comment in our previous report.

We have reviewed the risk assessment noting that a suitable assessment has not been included regarding the prevention of further traveller incursions and ensuring the Clerk has the necessary delegated powers to take immediate action in the event of any further incursions.

R5. Fidelity Guarantee should be half year's precept plus the year-end balance, this value should be considered when renewing the annual insurance.

R6. The risk assessment should be reviewed and updated to ensure that suitable and sufficient security measures are in place on land owned by the Parish Council, to prevent where possible further traveller incursions and that the Clerk has the necessary delegated powers to deal with any future incursions.

Budgetary Control & Reserves

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on the Royal Borough Council; that appropriate arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We are pleased to note that, following due deliberation, the Council formally adopted the 2025-26 budget and precept at the January 2025 meeting, setting the latter at £387,317.

We are pleased to note that periodic budget monitoring reports and accompanying variance analyses are prepared and submitted to members for consideration.

We have examined the detailed Omega budget report at 31st March 2025, noting receipt of CIL monies and expenditure against these, but balances are within the expected parameters, and we have no comments.

We have reviewed the level of retained reserves at 31st March 2024 considering their appropriateness, to meet the Council's ongoing revenue spending requirements, together with any development aspirations. Total funds of £2,106,897 are held at 31st March 2025 (£2,095,076 at the prior year-end). Of the total fund balance, £1,832,264 is held in earmarked reserves, leaving a General Fund balance of £274,633 which equates to just under 8 months' revenue spending at the 2024-25 level, which is within the generally accepted guidance that the General Reserve balance should sit between three- and twelve-months revenue spending.

Conclusions

We are pleased to note that no significant issues arise in this area of our review.

Review of Income

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure the identification of all income due to the Council from its various sources, to ensure that income is invoiced in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies due to the Council.

We note that fees have been reviewed in year, with a number of changes for 2025-26.

We examined a sample of 3 of the 15 interments during the financial year to 31st December 2024, ensuring that the appropriate fees had been charged for each and that each was supported by an appropriate undertaker's application form and either a burial or cremation certificate. We note receipt of payment had not yet been received for a January interment at the time of our visit.

Allotment rents fall due on 1st April annually. We examined the spreadsheet record of tenants', checking it against the Omega nominal code, with no issues.

We have reviewed the detailed Omega transaction reports for each nominal account code in Omega ensuring, as far as we have been able to establish, in the light of the above observations, that all income due to the Council has been brought to account and is coded appropriately.

Conclusions and recommendations

We repeat our previous recommendation that the Council should consider the use of the Omega sales ledger programme as this would prove useful for the raising of invoices and the proper review of income due.

R7. The Council should review its procedures for the invoicing and receipt of income.

Petty Cash Account

The Council no longer uses petty cash, but has a debit card, payment samples are included as part of the general payment review process.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the requirements of HMRC with regard to the deduction and payment over of income tax and national insurance contributions, together with meeting the requirements of the local government pension scheme, as amended periodically.

The Council employs five members of staff for which a formal PAYE scheme is operated by third party contractors (Safeguard World) using appropriate, bespoke payroll software. The Clerk has provided us with detail of her and her assistants contracted weekly hours and also the NJC Spinal pay point for each, where applicable.

To satisfy the criteria above we have, by reference to the November 2024 payslips: -

- Verified the gross salaries paid to employees in November 2024;

- Checked to ensure that appropriate tax and NI has been calculated and deducted by reference to the tax code recorded on the payslips and relevant HMRC tables;
- Checked that the correct superannuation deduction banding has been applied to the LG Pension Scheme; and
- Ensured that the correct net payment has been made to staff members, also ensuring the correct payments to the relevant agencies.

Conclusion and recommendation.

We are pleased to record that no issues arise in this area warranting formal comment or recommendation, although we repeat our comment from the previous report that two members of staff are no longer on the NJC pay scales and it would be good practise for their salaries to be brought back in line.

R8. *Staff salaries should be reviewed and all brought back into line with the NJC pay scales.*

Fixed Asset Registers

The “Governance and Accountability Manual – The Practitioner’s Guide”, requires all councils to maintain a detailed register of their assets. We aim in examining this aspect of the Council’s documentation to ensure that the Council has complied with that legislation; that an appropriate and comprehensive register is being maintained and that it is subject to periodic review and update.

The Council fully updated its Asset Register in 2023-24, we note there have been no purchases or disposals in 2024-25, the value of the register remaining the same.

We have confirmed the value of the asset register to Section 2, Box 9 at £605,628

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Investments and Loans

We note that Council last adopted its Investment Policy in June 2023.

The Council does not have any loans either repayable by, or to, it.

Conclusions and recommendations

An Investment with Market Harborough Building Society was made in September 2024, but details of this are not included in the Investment Policy, which is now out of date, having last been reviewed in 2023. As mentioned earlier in this report no statements have been received Yorkshire Bank (last received May 2023, Buckinghamshire Building Society or Market Harborough Building Society as at 31st March 2025 so we are unable to confirm again as previously mentioned that the Council has received all funds that are due to it.

We also note that the Council has over £500k in accounts with Lloyds, the Council should consider investing some of these funds elsewhere, spreading the risk of loss to the Council in the unlikely event of the failure of Lloyds Bank.

R9. The Investment Policy should be updated to include the investment made to Market Harborough Building Society, along with any further investments to be made. It should also include instructions for the disbursement of funds at the end of the term of investment, ensure that it is receiving interest on the funds deposited and that regular statements of account are provided.

Statement of Accounts and AGAR

The Assistant Clerk has prepared the necessary Annual Accounts and statutory AGAR detail from the Omega accounting system: we have checked and agreed the detail therein to the underlying data in the software and other supporting documentation, noting an error in the value box 9 value for the prior year, which should read £2,342,737.

Conclusions and recommendations

We have duly signed-off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area, apart from Box 'E' as mentioned previously in our report. .

As in the preface to this report, we take this opportunity to remind the Clerk and Council of the need to ensure compliance with the website disclosure requirements as set out in the preface to the 2024-25 AGAR, also observing the timing requirements for posting the AGAR and Notice of Public Rights for 2024-25.

Rec. No.	Recommendation	Response
Review of Accounting Arrangements & Bank Reconciliations		
R1	The Council should consider placing the Blythewood funds into an interest earning account.	
R2	The Council should ensure the March bank reconciliations are signed in accordance with usual practise.	
Review of Corporate Governance		
R3	Current finance procedures should be documented to support and smooth the transition for the new Clerk.	
Review of Expenditure & VAT		
R4	Supporting documentation should be provided for all payments, including grants. The payment being made to St Michaels should be reviewed and discussed with the payee, with at least an annual invoice issued if the payment is to continue.	
Assessment and Management of Risk		
R5	Fidelity Guarantee should be half year's precept plus the year-end balance, this value should be considered when renewing the annual insurance.	
R6	The risk assessment should be reviewed and updated to ensure that suitable and sufficient security measures are in place on land owned by the Parish Council, to prevent where possible further traveller incursions and that the Clerk has the necessary delegated powers to deal with any future incursions.	
Review of Income		
R7	The Council should review its procedures for the invoicing and receipt of income.	
Review of Staff Salaries		
R8	Staff salaries should be reviewed and all brought back into line with the NJC pay scales.	
Investments and Loans		
R9	The Investment Policy should be updated to include the investment made to Market Harborough Building Society, along with any further investments to be made. It should also include instructions for the disbursement of funds at the end of the term of investment, ensure that it is receiving interest on the funds deposited and that regular statements of account are provided.	