

Old Windsor Parish Council

Internal Audit Report 2024-25 (Final)

Susan Cook

*For and on behalf of
Auditing Solutions Ltd*

Background

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 visits to the Council, which took place on 27th November 2024 and 19th May 2025, along with the preparatory work undertaken at our offices.

Internal Audit Approach

In completing our review for 2024-25 and in accordance with the requirements of the IA Certificate in the AGAR and the latest 2024-25 edition of the Governance and Accountability Manual, we have again paid due regard to the materiality of transactions and their susceptibility to potential misrepresentation in the Accounts / AGAR, together with examining the overall governance framework. Our aim is to ensure that the Council continues to operate robust control systems and that transactions are, as far as we are able to ascertain, processed in accordance with national and locally approved legislation and controls.

Overall Conclusion

We are pleased to record that the Council continues to maintain adequate and effective internal control arrangements with only three issues identified to date 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 with the assistance of the Lead Member for Finance (LMF).

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

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

Maintenance of Accounting Records & Bank Reconciliations

The Council uses the Omega software to process the Council's financial transactions operating two bank accounts with the Unity Bank (Current and Deposit) and the Investment with CCLA.

Our objectives in this area are to ensure that the accounting records are being maintained accurately and in a timely manner with detail reconciled routinely to the bank accounts in use. We have consequently -

- Verified that the closing balances, as reported in the 2023-24 Statement of Accounts and certified AGAR, have been "rolled-forward" correctly as opening balances for 2024-25;
- Ensured that the financial ledger remains in balance;
- Examined the coding schedule, which we consider remains appropriate for the Council's requirements;
- Verified transactions on the current account for September 2024, December 2024 and March 2025;
- Verified transactions on the Reserve account for September 2024, December 2024 and March 2025;
- Verified transactions on the CCLA account to 31st March 2025;
- Verified detail of the month-end bank reconciliations on the current account as of 30th September 2024, 31st December 2024 and 31st March 2025; and
- Reviewed the procedures in place for preparing and authorising journals, together with the controls in place over the review of bank reconciliations;

Conclusions

We are pleased to note that the Council has resumed its normal good practise, with bank reconciliations being correctly signed off.

We note that bank reconciliations are no longer completed for the CCLA funds as the balance is currently static, with interest earned paid into the Council current account.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we may reasonably be expected to ascertain, as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation. We also aim to ensure that appropriate policies, procedures and protocols are in place to prevent and provide a reasonable assurance of the detection of any fraudulent or corrupt activity.

We note that the Standing Orders, based on the NALC Model document, were reviewed and formally adopted by the Council at the February 2023 meeting. We note that the revised NALC Model Financial Regulations (FRs) were adopted at the September 2024 meeting of the Council.

We have reviewed the Council's minutes for the financial year checking to ensure that there are no significant issues arising that might give rise to ultra vires expenditure or other forms of potentially unlawful activity, also that the Council is continuing to manage its resources effectively and are pleased to record that no indications exist of potential problems with the Council's ongoing financial viability.

We also note that the external auditors have "signed off" the 2023-24 Annual Governance and Accountability Return (AGAR) Certificate with no issues noted.

Conclusions

We note that the Standing Orders refer to the September 2016 version, NALC (National Association of Local Councils) have updated their model Standing Orders, and these should be adopted by the Council to ensure both that the figures in Standing Order 18 comply with those in Financial Regulation 5, and that the council is complying with current legislation.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- All payments are subject to approval by the relevant lead member in accordance with the Council's approved procedures;
- 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 expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have reviewed the Council's approach to the approval and authorisation of the release of moneys to traders and staff and consider that they remain sound. We have selected a sample of 61 payments processed in the year to date to check for compliance with the above criteria. Our test sample includes all those payments individually in excess of £1,000, plus every 25th as recorded in the cashbook and totals £133,198 and equates to 66% by value of non-pay related expenditure in the year to date.

We have also reviewed and verified the accuracy of the 2024-25 quarterly VAT reclaims submitted to HMRC to date, with no issues.

Conclusions

We are pleased to record that no issues arise in this area, we will continue our work in this area at our next visit.

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, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

We have reviewed the risk register, noting it was reviewed and re-adopted at the September 2024 meeting of the Council.

We have examined the current year's insurance schedule with cover again provided by Zurich noting that Employer's and Public Liability cover are in place at £10 million and £12 million respectively, noting the Fidelity Guarantee cover has been increased £500,000, which we consider suitable for the Councils' purposes.

We have also confirmed receipt of the latest play area inspections, undertaken in April 2024.

Conclusions

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

Budgetary Control and Reserves

We aim in this review area 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 annual precept; that effective 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 £176,805.

We are pleased to note that members continue to receive quarterly budget monitoring reports through the year presented by the LMF. We have examined and have examined the year-end outturn noting some small variances but have no concerns warranting further enquiry.

We have again considered the level of retained reserves at the financial year-end noting that they have reduced marginally to £317,574 (£292,697 at 31st March 2024), with EMRs now standing at £135,157 (£123,097 at prior year-end). The residual General Reserve balance of £182,417 (£169,560 as at 31st March 2023) equates to approximately 9 months expenditure at the 2024-25 level and is considered appropriate for the Council's ongoing revenue spending requirements.

Conclusions

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

Review of Income

The Council continues to receive income from a relatively small number of sources in addition to the precept including cemetery activities, sports and rifle club rentals, bank interest, allotment rents, sundry grants and donations and recovered VAT.

We have reviewed the procedures in place relating to the identification and recovery of fees in relation to interments at this interim visit selecting a sample of 4 interments occurring to 30th September 2024 ensuring that all appropriate legally required documentation was held (i.e., Burial and / or cremation certificates) and that appropriate fees have been charged and recovered.

We note that the Council continues to operate the Rialtas allotment software to manage the allocation of plots and recovery of rents: we examined the related data output ensuring that the appropriate rents were invoiced and recovered in the current financial year with none remaining unpaid. We also note that all tenants have now paid a refundable deposit detail of which is appropriately recorded in the Omega accounts as a liability.

We have also examined the detailed income transaction reports for the financial year to date to ensure that, as far as we can reasonably establish, income due has been received and banked appropriately.

Conclusions

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

Petty Cash Account & Use of Debit / Credit Cards

The Council does not operate a petty cash account as such: however, a Unity Trust Bank Debit Mastercard is in place with a £500 limit, which is used to meet any ad hoc purchases and achieve savings by purchasing through the internet where appropriate: the account is settled monthly as and when any expenditure occurs. We have reviewed all statements for the year to September 2024, along with some ad hoc checks to 31st March 2025 with no issues arising.

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 Employee Rights Act 1998 and the requirements of HMRC legislation relating to the deduction and payment over of income tax and NI contributions.

Payroll is outsourced by the Council to Paragon Accounting Services.

We note that the Clerk, and two Village Wardens' salaries are paid in accordance with national NJC scales applying since 1st April 2024. The Community Social Worker is paid on an alternative basis. All salaries are approved by the Council, and we have reviewed the Part II minutes confirming this.

Consequently, we have: -

- Ensured that the gross salaries paid in November 2024 to the Clerk, Community Social Worker and two Village Wardens were paid at the approved rates and, where applicable, approved working hours by reference to payslips;
- Checked and agreed detail of the computations of tax and national insurance deductions for the same month;
- Verified the resultant net salary payments made to the staff; and
- Ensured the appropriate payment of tax and NI contributions to HMRC for the year to date.

Conclusion

We are pleased to record that no issues have been identified in this area of our review process.

Asset Registers / Inventories

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.

We confirm the value of the asset register to Section 2 box 9 of the AGAR as £1,717,802, the same as for the prior year.

Conclusions

We are pleased to record that no issues have been identified in this area of our review process.

Investments and Loans

The Council has an account with CCLA, with a balance at 31st March 2025 of £80,000, with the monthly interest being paid into Unity Bank.

The Council currently has one outstanding PWLB loans repaid at half-yearly intervals. We have, as part of our above payment review / testing, verified details of the half-yearly loan repayments for the year to 31st March 2025 and have confirmed by reference to the PWLB third-party demands and the UK Debt Agency year-end residual loan schedule, the outstanding loan liability to be reported in the AGAR at Section 2, Box 9.

Conclusions

We note that the bank balances at 31st March 2025 with Unity Bank exceeds £182,000.00 which would not be covered by the FSCS (Financial Services Compensation Scheme), in the unlikely event that Unity Bank were to fail. We note that one reason for the high balance is the early payment of the first half of the precept from Royal Borough of Windsor and Maidenhead. We understand that the Council will review the balances of the account in due course, making a transfer to CCLA once expenditure for the first part of the year has been finalised.

Statement of Accounts and AGAR

The Clerk and LMF have, with assistance from external contractors (DCK Accounting), 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.

Conclusions and recommendations

We have duly signed-off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area.

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.