

# INTERNAL AUDIT REPORT 2021-22

## ASTLEY PARISH COUNCIL

### 1 INTRODUCTION

As the Council's Internal Auditor I have independently carried out an examination of areas which meet the internal control objectives as listed on the Annual Governance and Accounts Return (AGAR) and best practices as outlined in the JPAG Practitioners Guide 2021 for the year ended 31<sup>st</sup> March 2022.

The audit has been carried out using a risk assessment basis approach and examines the Council's compliance with its relevant procedures and controls in operation through a review of the evidence of these controls and selected detailed sampling. The Annual Internal Audit Report on the AGAR; (page 4) was then completed as per conclusions drawn from these detailed findings.

### 2 OVERALL

**The standard of administration and system of internal controls relating to the audit areas examined throughout the financial year were considered to be of a satisfactory standard meeting most of the needs of the Council and those best practices in The Practitioners' Guide 2021. Several issues arose this year which has led to several objectives not having been met; these are:**

**I There is no evidence to support that bank balances/reconciliations are regularly reported to Council or checked by councillors.**

**J The published AGAR Accounts statement for 20/21 was found to be inaccurate. The draft AGAR for 21/22 contained inaccuracies.**

**L At the time of the audit, Council documentation held on the Council's free website was found to be poorly organised; making it difficult to locate and retrieve documentation. Transparency was therefore not achieved.** (Please refer to the table of findings on page 2-4)

The £25,000 receipts and payments threshold has not been exceeded therefore the Council will once again be applying for an exemption from being externally audited.

As a number of virtual meetings have taken place during the year the usual routine financial control checks carried out by members have not been possible to evidence on source documentation. It is important that this is reinstated in the future.

I would like to thank the Clerk for her patience in responding to my queries particularly relating to the website and providing records which have assisted the internal audit process. Should you or members have any queries with this report please do not hesitate to get in touch.

Regards,

*S D Hackett*

SDH Accounting & Audit Services Gonsal House Condover Shrewsbury SY5 7EX

Date: 26/4/2022

### 3 INTERNAL AUDIT DETAILED FINDINGS - ASTLEY PARISH COUNCIL 2021/22

Key Control Objective	Findings	The key control objective has been achieved?
A. Appropriate accounting records have been properly kept throughout the financial year.	The primary accounts record examined 1-4-21 to 31-3-22; (i.e. the excel ledger) was found to be inaccurate with respect to one transaction; an online payment which was not present on the bank statements. Once amended; the ledgers accurately reflected Council's receipts and payments. The ledger provided an audit trail to bank statements and Council minutes.	<b>Yes</b>
B. Council complied with its financial regulations, payments were supported by invoices/vouchers, all expenditure was approved and VAT was appropriately accounted for.	A sample of 8 payments were agreed between Council minutes and the Payments Ledger. The transactions were then satisfactorily traced to supporting invoices/receipts/salary information. 12 payment transactions were checked to bank statements. VAT was found to be appropriately accounted for within the accounts with the exception of one entry where VAT had not been analysed. (See Eon invoice).	<b>Yes</b>
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	A framework of policies and procedures have been adopted by the Council and are readily available on the Council's website; these mitigate against significant risks to achieving its objectives. These policies include: New Code of Conduct (2022); General Reserves Policy, Health & Safety (2021), Standing Orders, Financial Regulations (May'19). The Council's Risk Management policy was last reviewed and adopted in Nov 2019. <b>The list is not exhaustive but does illustrate a need to review existing policies, particularly Financial Regulations.</b> Suitable arrangements are in place to protect Council assets via insurance.	<b>Yes; however requires attention.</b>
D. The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored by the Council; and reserves were appropriate.	Budget monitoring has not occurred in the year; as the majority of transactions relate to the Clerk's pay and expenses. It has been assumed that Covid19 has seriously impacted on the Council's activities.  Budget Setting 22/23 – The Clerk/RFO presented two draft budgets at the Council's January meeting. Option B being the Council's preferred choice (Total Spend £8.756 and Precept £7,155). No resolutions are documented in the minutes therefore the Appendix to the Agenda has been relied upon to provide these figures. The budget took into account additional expenditure forecast for recruiting a new permanent Clerk/RFO and the replacement of IT equipment. Reserves – Funds held as at 31/3/22 £8,583. Within the Council's reserves there are ring fenced balances. The yearend balance complies with the Council's Reserves policy.	<b>Yes</b>

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	A precept receipt of £6,878 and VAT refund of £124 were agreed to supporting remittances and bank statements. The precept was also agreed to previous year's Council's decision and MHCLG Precept Data.	<b>Yes</b>
F. Petty Cash has been properly accounted for	As confirmed by the Clerk/RFO and accounts none held.	<b>Yes</b>
G. Payroll – Salaries to employees and allowances to members were paid in accordance with the authority's approvals and PAYE & NI requirements properly applied.	All pay calculations are processed using HMRC RTI software and are supported by the Clerk's temporary contract which has been repeatedly renewed and extended by Council. Three monthly salary and HMRC payments have been checked in detail and agreed to both bank statements and pay slips. PAYE & NI requirements had been properly applied. No allowances have been paid to members.	<b>Yes</b>
H. Asset and investment registers were accurate and properly maintained.	The Asset Register as at 31/3/20 has once again not required updating, as no in year acquisitions or disposals have arisen. Total Asset value £16,640. No investment register is required.	<b>Yes</b>
I Periodic Bank Reconciliations were properly carried out during the year	No evidence was sighted in council minutes of bank reconciliations being presented to Council; and agreed by Council. Evidence has been provided by the Clerk/RFO of regular reconciliations taking place. The Clerk stated that two councillors who have access to the council's bank account to approve online payments regularly check the bank balance via internet. Unfortunately these checks are not reported to Council and minuted. Period 9 bank reconciliation was confirmed as accurate by the auditor. The yearend bank reconciliation as at 31/3/2022 was re-performed by the auditor and required amendment (See A above.)	<b>No, as there is no evidence of them being reported to Council or checked by councillors.</b>
J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	All accounting statements have been prepared on a receipts and payments basis. The Accounting Statement per 20/21 AGAR as published on the website was found to have been incorrectly completed as per Box 7 which showed £7,455 instead of £7,145. The draft Accounting Statement per 21/22 AGAR as submitted to the auditor was found to have a number of inaccuracies. These have been highlighted to the Clerk/RFO and require correction.	<b>No; inaccuracies found in AGARs</b>
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in <b>2020/21</b> .	Council resolved to approve the 2020/21 Certificate of Exemption from external audit at its May 2021 meeting; as receipts and payments for the year did not exceed £25,000.	<b>Yes</b>
L. Council publishes information on a free website/webpage up to date at the time of the internal audit, in accordance with Transparency Code requirements.	The Council's free website held Council documentation; which was poorly organised, as no folder structure was in place. No archive system was in place and file names were also confusing which made documents difficult to find. All relevant information pertaining to the audit was eventually found by the auditor, however improvements are needed. <i>(Please note an independent member of the public was also asked to locate documents on the website; and found them extremely difficult to find.)</i>	<b>No; transparency impaired</b>

M Council correctly provided the proper opportunity for the exercise of public rights in accordance with Accounts and Audit Regulations.	The appropriate Notice for the Exercise of Public Rights was issued on 19/5/21 and eventually found on the Council's website; together with guidance as how to exercise public rights.	<b>Yes</b>
N. The Council has complied with the publication requirements for the <b>2020/21 AGAR</b>	All relevant documentation was eventually found on the Council's website at the time of the audit. (18/3/22 & 26/4/22)	<b>Yes</b>
O. Trust funds – the Council has met its responsibilities as a trustee.	The Clerk/RFO confirmed that the Council is not the sole trustee of such a fund.	<b>Not Applicable.</b>

SDH Accounting & Audit Services

Date: 26/4/2022