

Great Milton Parish Council – Internal Audit Report (21-22)

I have acted independently as the authority's internal auditor and on the basis of an assessment of risk have carried out a selective assessment of compliance with relevant procedures and controls in operation during the financial year ended 31st March 2022. I can confirm the audit has been carried out with the authority's needs and planned coverage.

Please see below summary of how the authority has complied with the Internal Control Objectives listed in the Annual Audit Report 2021-22:

Appropriate accounting records have been properly kept throughout the financial year:

GMPC have adopted an electronic filing system which has been in operation for a number of years now. This enables users to add and review documents as necessary without the need for paper files. The folders have been set up in a highly organised and methodical manner which makes it very simple to find the information needed. In terms of completeness the files are all up to date and cover the whole financial year. One example of this is the in-year budgets which are filed separately for each financial year. All of the different versions (draft / final) are saved here which provides a full audit trail on how the figures were agreed.

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

In line with the Financial Regulations 2021 set by NALC the Council has a sound system of internal control which facilitates the effective exercise of the council's functions. All payments are supported by invoices and approved accordingly. I took a sample of high value payments which are listed in the cash book and in each case can be backed up by an invoice with an appropriate signatory. VAT has also been accounted for in an appropriate manner and claimed accordingly. Again there is a full audit trail to back this up (VAT is split from net amount in cash book).

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these:

The Council usually carries out an assessment of its risks on a yearly basis. The purpose of this is to assess the risks which may impact on the Council's activities or prevent it from meeting its objectives. The latest GMPC Risk Management document was approved in February 21. This has not been updated for 21-22 so will need to be picked up by the Finance Officer in conjunction with the finance councillor ready to be approved early on in the new financial year.

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate:

There continues to be a robust budgetary process in place to ensure that the precept requested does meet the requirements of Council. This process includes looking at what was spent in previous years and assessing if the requirement is the same or has increased while also building in any new items for the coming financial year. The expenditure budget is reviewed line on line and increased accordingly where appropriate. Income from rentals and advertising (plus reimbursement for VAT) is also factored in in order to calculate what the true requirement is in order to balance the budget. Progress against budget was regularly monitored and reserves were appropriate.

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

All expected income has been fully received and based on correct prices. All transactions have been listed under the Cash Book under 'receipts' and recorded correctly. As part of the audit I have taken a sample of the larger value items (such as the precept mentioned above) and been able to reconcile each of these payments back to the Bank Statements without any issues. VAT has been appropriately accounted for. Each line of VAT expenditure has been itemised in spreadsheet (with details such as suppliers VAT number) and reclaimed accordingly. No VAT is charged on Sales as Council is not registered.

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for:

Council does not make petty cash payments so not applicable.

Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly carried out:

In 21-22 Tim Darch was again the Council's Finance Officer and sole paid employee. Tim's salary and expenses are in line with the agreed budget and is paid by cheque each month. The terms and conditions of the contract are clearly set out in the electronic files. Both PAYE and NIC have been properly operated by the Council. All payslips have also been saved in the files as well as a summary from HMRC confirming how much was paid. There are no other payments made to employees.

Assets and investment registers were complete and accurate and properly maintained:

The Council's Fixed Asset Register has been updated for 21-22. This lists all of the assets which are owned or in their care (with appropriate value). Total value of assets at 31st March 21 was £5,166 so relatively low. This had increased to £14,730 in April 22. The increase can be clearly identified and attributed to two items (Speed Activated Signs £9,372 / Litter picking equipment £191.78)

Periodic and year end bank account reconciliations were properly carried out:

GMPC has carried out periodic and year end bank account reconciliations. I have been able to reconcile the closing balance on the cash book to the bank account balance on 28th March 22 (£46,269.93). The opening balances on the cash book and the bank account also balance at 30th March 21 (£35,025.94). The movement between the opening and closing balances can be accounted for in the value of the in year payments and receipts.

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agree to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded:

GMPC has prepared its accounting statements during the year correctly on the receipts and payments basis (income and expenditure) rather than on the accruals basis. The statements agree to the cash book and are supported by an adequate audit trail. Where appropriate debtors and creditors have been properly recorded.

If the authority certified itself as exempt from a limited assurance review in 2021-22 it met the exemption criteria and correctly declared itself exempt:

Council did declare itself as exempt and did meet the exemption criteria as the higher of its gross income or gross expenditure was less than £25k.

The authority publishes information on a website / webpage, up to date at the time of the internal audit, in accordance with the Transparency code for smaller authorities:

Council has fully adhered to all of the requirements of the transparency code as requested for smaller authorities. An example of this is in the way in which it published all of the transactions over value of £100.

The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations

All of the information has been provided as required and made available for public use.

The authority has complied with the publications for 2020/21 AGAR

Council has fully complied with this. Full AGAR report has been provided in full.

Summary

In conclusion GMPC has again demonstrated that it has good internal controls in place which ensure that the control objectives are being achieved throughout the financial year to an adequate standard required.

Matthew Hale

Internal Auditor

06-06-22