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# Dalton Parish Council

## *Internal Audit 2022/23: Final report*

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*For and on behalf of Phil Parkin Ltd*



**Internal Audit Forum**

THE VOICE FOR LOCAL COUNCIL AUDIT

This report has been prepared for the sole use of Dalton Parish Council. No responsibility or liability is accepted by Phil Parkin Ltd to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

## Background and Introduction

All town and parish councils are required by statute to make arrangements for an independent internal audit and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). The Parish Council has requested that Phil Parkin Ltd provides this service, based on a letter of engagement agreed and signed by the Council.

Phil Parkin Ltd is a member of the Internal Audit Forum – an association of Internal Auditors for local councils which seeks to promote high quality internal audit

This report sets out the interim work undertaken in relation to the 2022/23 financial year. I wish to thank the Clerk in assisting the process and providing documentation in electronic format to facilitate the audit.

## Independence

It is important that the auditor is independent of the Council and has no conflict of interest, in order that a truly professional audit is performed. I can confirm that I comply with the Auditing Practices Board's Ethical Standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I am not aware of any relationships that might constitute a threat to my independence.

## Internal Audit Approach

In undertaking my audit, I have been guided by the revised Section 4 of the Practitioners' Guide, March 2022. The Council's Clerk assisted the audit by providing Advance Audit Information in March 2023, which was supported by suitable evidence.

In addition to the evidence provided in advance, substantive testing of underlying accounting records was undertaken.

Following the final stage of my audit, I will prepare a further audit report to the Council and complete the Annual Internal Audit Report section of the AGAR for submission to the external auditor. I have now done this. I repeat the findings from my interim audit, and have added additional comments in highlighted text.

## Overall Conclusion

In line with previous years, there are sound controls within the Council.

My interim audit was undertaken in March 2023, and I am satisfied that sufficient evidence has been made available to support this conclusion. Additional work in May 2023 confirmed this position and I have entered positive assessments on the Internal Audit section of the AGAR.

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# Detailed Report

My detailed report follows the structure of the Annual Internal Audit Report section of the AGAR.

**A. *Appropriate accounting records have been kept throughout the financial year.***

A reconciliation confirms the correct rolling forward of the previous year's balance. The Council uses the Rialtis software package - is a self balancing accounting system - which it keeps up to date throughout the year.

An Investment Strategy is in place to govern all investments by the Council

**B. *The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.***

Quotations are sought for all work, as evidenced in the Council minutes. There are controls over the receipt and payment of invoices.

VAT is reclaimed promptly on a quarterly basis.

I reviewed payments made in December 2022 and found that they were all supported by invoices and that VAT was correctly accounted for.

**C. *The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.***

A risk assessment was prepared and presented to the Council in April 2022, and the review of the effectiveness of internal controls was considered in January 2023.

Play areas and open spaces are monitored monthly by Rotherham MBC; in addition, other Council staff report on anything that appears out of the ordinary or unsafe.

**D. *The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.***

The Council approved a budget and set a precept of £204,790 at its meeting on 20 January 2022. The Council gave specific consideration to the level of reserves, including earmarked reserves.

Regular budget monitoring reports are provided to the Council, with variations from budget documented together with a brief narrative explanation for major variations.

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

I confirmed that the precept of £204,790 was received in two installments in April and September 2022.

Signed tenancy agreements exist for all allotment holders. Charges are promptly raised for allotments and the community use of facilities. I reviewed allotment payments for 2022/23 and found them all to have been paid and credited to the bank.

I reviewed invoices raised for November and December 2022 and confirmed that they were all paid.

***F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.***

The Council does not hold any petty cash.

***G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.***

All staff have a contract of employment.

I sample tested payroll payments and deductions for December 2022 and found them to be correct.

***H. Asset and investment registers were complete and accurate and properly maintained.***

The Council maintains a suitable asset register, recording new assets and removing asset disposed of. Assets are correctly recorded at cost price. I confirmed that the value of assets on the register was correctly reported on the AGAR.

***I. Periodic bank reconciliations were properly carried out during the year.***

Regular bank reconciliations were carried out, signed, reviewed and scrutinised by the Council. I reviewed the in-year bank reconciliations and agreed the figures to bank statements. There were no reconciling items, largely due to the efficient payments system in place. I reviewed the year-end bank reconciliation and agreed it to bank and investment statements.

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

The Council maintains its accounts on the correct basis, namely income and expenditure. I confirmed that entries on the AGAR had been compiled from the accounting records.

***K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.***

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This does not apply to the Parish Council.

***L. The authority published the required information on a website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.***

The Council maintains a well populated website, including council agendas and minutes, as well as five year's accounts and complies with this requirement.

I commend the Council for publishing in full, the detailed internal audit reports, demonstrating transparency and good governance.

***M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.***

Public rights were properly exercised, and the period of inspection was approved and minuted by the Council.

***N. The authority complied with the publication requirements for the prior year AGAR.***

The Council published the conclusion of the external audit and the AGAR for 2021/22 on its website. The Council demonstrates good practice with its comprehensive documentation of the year end finances, audit and CIL receipts.

***O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.***

The Council manages a trust fund – Sunnyside Community Centre Charity number: 523569 - and has submitted accounts as required, as confirmed by the Charity Commissioners' website.

**Report ends.  
24 May 2023**