

Great Milton Parish Council – Internal Audit Report (20-21)

As the authority's internal auditor I have acted independently 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 2021. 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 2020-21:

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

The accounting records are kept on line via Dropbox and separated into different folders. 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. For example the Bank Statements have been separated into different folders for each financial year and contain statements for April through to March for each. The accounting records comply with the Accounts and Audit regulations required.

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. This can be illustrated by the way in which payments are supported by invoices with all expenditure being approved by an appropriate signatory. I have taken a sample of high value payments 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.

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

The Council 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. All of the Council's key activities are included. For example activities which are contracted out or carried out by volunteers are identified (such as management of allotments) and for each activity the potential risks and controls in place are recognised as part of the risk management process.

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

There is 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. Income from rentals and advertising 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. In terms of recording the transactions every item has been listed in the Cash Book under 'receipts'. I have taken a sample of the larger value items (such as the precept mentioned above) and been able to reconcile each of the payments back to the Bank Statements. VAT has been appropriately accounted for. All of the VAT on purchases has been identified and calculated in a spreadsheet in preparation for the VAT reclaim which was submitted to HMRC. 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 20-21 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. 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 20-21. This lists all of the assets which are owned or in their care (with appropriate value). Total value of assets at 31st March 20 was £3,166.08 so relatively low. Details of the sale on assets have also been documented. The Register was updated in Feb 21. As per last year the asset insurance valuations agree with those in the register.

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

A full bank reconciliation has taken place at year end. The opening and closing balances on the bank statements balance to the totals in the Cash Book. I have also been able to reconcile the movement between financial years. In terms of the cash book the movement between the opening and closing balances can be accounted for by the value of the receipts and payments which were received during the financial year. This again demonstrates good financial control.

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:

The accounting statements have again been prepared on the correct accounting basis during the year (prepared on receipts / payments rather than accrual basis). The statements do reconcile back to the cash book and have been tested rigorously. There is an adequate audit trail in terms of appropriate documentation. All Debtors and Creditors have been recorded in a robust manner (no major debtors or creditors outstanding).

If the authority certified itself as exempt from a limited assurance review in 2019-20 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 (2019-20) 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 2019/20 AGAR

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

Summary

The Council has again demonstrated that it has strong internal controls in place and is managing its activities and procedures efficiently and effectively.

Matthew Hale

Internal Auditor

10-06-21