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# **Dalton Parish Council**

*Internal Audit 2021/22: Audit report*

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*For and on behalf of Phil Parkin Ltd*

## **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.

This report sets out the interim work undertaken in relation to the 2021/22 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 2021. The Council's Clerk assisted the audit by preparing my Advance Audit Information questionnaire in March 2022, which was supported by suitable evidence.

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

Following this final stage of my audit, I have completed the Annual Internal Audit Report section of the AGAR for submission to the external auditor.

## **Overall Conclusion**

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

My audit was undertaken in April and May 2022, and I am satisfied that sufficient evidence has been made available to support this conclusion. I have made positive assessments on all relevant criteria in the Internal Report of the AGAR.

# 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 year & 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 year-end bank reconciliation and agreed the figures to bank statements. There were no reconciling items, largely due to the efficient payments system in place.

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 October 2021 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 on 17 June 2021.

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 £177,438 at its meeting on 21 January 2021. 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.

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

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I confirmed that the precept of £177,438 was received in two installments in April and September 2021.

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 2021/22 and found them all to have been paid and credited to the bank.

I reviewed a sample of receipts for September 2021 and found them to be correctly accounted for and banked.

***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 2021 and found them to be correct. I noted that overtime was paid for hours in excess of contracted hours, but only if these had been authorised in advance. I suggest that where hours are authorised, this is clearly marked on the timesheet and signed as approved by the employer.

***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 asset register was correctly reported in the AGAR.

***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. The AGAR was correctly compiled from supporting records from the accounting system.

***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.***

This does not apply to the Town Council.

***L. The authority publishes information on a website / web page, and complies with the relevant Transparency Code.***

The Council maintains a well populated website. As the relevant code has not been passed into legislation I have not covered this criteria. During the audit, I drew to the Clerk's

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attention some minor omissions on the website, which have now been addressed.

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 2020/21 on its website.

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

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

**Report ends.**