

# INTERNAL AUDIT REPORT 2021-22

## COUNDR PARISH COUNCIL

### 1 INTRODUCTION

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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. Page 4 of the AGAR was then completed as per conclusions drawn from these detailed findings.

### 2 OVERALL

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I have completed an examination of Council records made available to me to date and have completed page 4 positively. **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 high standard and meet the needs of the Council and those procedures recommended in The Practitioners' Guide 2021.** Neither receipts nor payments for the year have exceeded the £25,000 threshold, therefore the Council will once again be applying for an exemption from being externally audited.

The table of findings on page 2-4 supports the above statement.

A sample review of Council meeting minutes confirmed that the Council was quorate when it met and that council decisions were clearly recorded. Reliance was placed on the Council's website during the audit and it was found to be both informative and met transparency requirements.

I would like to thank the Clerk for her co-operation during the internal audit process. Should members have any queries with this report please do not hesitate to get in touch.

Regards,

*S D Hackett*

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Date: 27/04/2022

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

Key Control Objective	Findings	The key control objective has been satisfactorily 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 comprehensive, accurate and complete providing a full audit trail. The opening balance was agreed to the previous year's AGAR closing bank balance and detailed testing of a sample of transactions confirmed the accounts accuracy. (See B, E & I below.)	<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 12 payments were agreed between the accounts, bank statements and Council minutes. 8 were then randomly selected from bank statements and satisfactorily traced to the accounts and supporting invoices/documentation. A further 7 were selected from the ledger and traced to bank statements and documentation. All expenditure was evidenced as approved by two councillors. Online payments were also evidenced as approved by councillors. VAT (input tax) was found to be appropriately accounted for within the accounts, it amounted to £68.00 for the year.	<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 to mitigate against significant risks to achieving its objectives. These include: Councillor/Clerk Relations Protocol adopted Jan 2022; Complaints Procedure Jan 2022; Training & Development Jan 2022; Publication Scheme Jan 2022; Personal Data Management & Audit Policy Jan 2022; Grant Awarding Policy Jan 2022; Defibrillator Protocol Sept 2021, H & S Policy Sept 2021, Standing Orders 2021 and Financial Regulations May 2021. (The list is not exhaustive) The Council's Risk Assessment Schedule was last reviewed and adopted in May 2021.	<b>Yes</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.	A detailed budget monitoring report was prepared at half year and prepared for the purposes of budget 22/23 setting. Because of the low volume of transactions this was considered satisfactory.  Budget Setting – The Clerk/RFO presented an in year Budget Monitoring report and Draft Budget for 22/23; expected spend being in the region of £7,562. These were considered and Council resolved that the Precept be increased to £6,756 with any shortfall being met from reserves.	<b>Yes; however reserves are relatively low.</b>

	Reserves – The yearend balance of £4,865 was considered low; given the budget set and annual payments made in 21/22. Other than the annual EM grant, which may or may not be granted the Council has no alternative source of income other than the precept. It is appreciated that the balance meets the Council's Reserve Policy.	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	A precept receipt of £5,756 and SC EM grant of £600 was agreed to supporting SC remittances. The precept was also agreed to previous year's Council's decision and MHCLG Precept Database.	<b>Yes</b>
F. Petty Cash has been properly accounted for	None held as per the Clerk; therefore the objective has been achieved.	<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.	<p>All pay calculations are processed using HMRC RTI software and are supported by the Clerk's contract; which was amended during the year as hours worked have been increased from 20 to 26 per month. Four salary payments have been checked in detail and agreed with one exception to RTI reports. An error was made when processing period 7 payment; as the arrears due £66.48 had not been processed on the RTI system; although taken into account when paid via the accounts. This was highlighted to the Clerk/RFO who I can confirm has taken corrective action (April 22) to ensure compliance with PAYE &amp; NI requirements.</p> <p>21/22 Arrears due as a result of NJC 2021/22 pay award published in early March 2022 have been computed and paid in financial year 22/23.</p> <p>No allowances have been paid to members.</p>	<b>Yes</b>
H. Asset and investment registers were accurate and properly maintained.	<p>The Asset Register as at 31/3/21 reflects the costs of assets held by the Council as prescribed by the Practitioners' Guide.</p> <p>No investment register is required.</p>	<b>Yes</b>
I Periodic Bank Reconciliations were properly carried out during the year	Evidence was sighted in council minutes of regular bank reconciliations being reported to Council by the Clerk/RFO; and having been checked by a councillor. Hard copy reconciliations and supporting paperwork have been signed to this effect by a councillor and the Clerk. The yearend bank reconciliation as at 31/3/2022 was re-performed by the auditor and found to be accurate.	<b>Yes</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.	Accounting statements prepared during the year correspond with the cash book and have been prepared accurately on a receipts and payments basis.  The 21/22 AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the cash book, fixed assets and bank reconciliation. Sample testing supported the accuracy of the audit trail to underlying records. (See B & E above.)	<b>Yes</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 neither receipts nor payments for the year exceeded £25,000. The certificate was found on the Council's website. (Examined 27/02/22)	<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 the transparency code requirements.	The Council's website was found to be both informative and met Transparency requirements. A Website Accessibility Statement is present on the website. (Examined 27/02/22)	<b>Yes</b>
M In <b>20/21</b> 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 (published 27/5/21) was found on the website. The appropriate notice was given with full details of how to contact the clerk and external auditor. (Examined 27/02/22)	<b>Yes</b>
N. The Council has complied with the publication requirements for the <b>2020/21</b> AGAR	All relevant documentation was found on the Council's website at the time of the audit and was noted as having been uploaded on 20/5/21; thereby being accessible for the Exercise of Public Rights. (Examined 27/02/22)	<b>Yes</b>
O Trust Fund – The Council met its responsibilities as a trustee.	The Clerk/RFO confirmed that the Council is not a trustee of a Trust Fund/Charity.	<b>Not Applicable</b>