

# INTERNAL AUDIT REPORT 2021-22

## IGHTFIELD PARISH COUNCIL

### 1 INTRODUCTION

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 through a review of these controls and by selected sampling. The internal audit report within the AGAR was then completed as per conclusions drawn from these findings.

### 2 OVERALL

**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 meets the needs of the Council and those best practices recommended in The Practitioners' Guides. However the asset register submitted during the audit requires updating to reflect the significant upgrade of play equipment at Calverhall. It is recommended that the AGAR fixed asset value is also amended to reflect the upgrade and as a result internal control H has not been met.**

The Council has as a result of changing banks recently moved to making its payments online and as such Financial Regulations will require updating to reflect this whilst clearly documented procedures would support the internal controls required in such a process.

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

A sample review of Council meeting minutes confirmed that the Council was quorate and that council decisions were clearly recorded. However it was noted that Sept minutes were approved at Nov, Jan and March meetings.

I would like to thank Amanda for her patience in scanning in and presenting such well organised records which have assisted the internal audit process. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

*SD Hackrett*

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Date: 12/5/2022

### 3 INTERNAL AUDIT DETAILED FINDINGS – IGHFIELD PARISH COUNCIL 2021/22

Key Control Objective	Findings	The key control objective has been satisfactorily achieved?
<p>A. Appropriate accounting records have been properly kept throughout the financial year.</p>	<p>The primary accounts record examined 1-4-21 to 31-3-22: (i.e. the excel ledger) was found to be accurate and complete providing a full audit trail. A number of adjustments within the accounts made as a result of an out of date cheque being written back; a salary refund and cheques not being processed by the bank have been correctly applied and explained.</p> <p>The excel ledger is linked to other financial sheets providing other accounting information e.g. Budgets, Summary Reports, VAT Claims and Fixed Assets.</p>	<p><b>Yes</b></p>
<p>B. Council complied with its financial regulations, payments were supported by invoices/vouchers, and all expenditure was approved and VAT was appropriately accounted for.</p>	<p>A sample of 8 approved payments were selected from Council minutes and agreed to the accounts. They were satisfactorily traced to supporting invoices/receipts which were initialed and endorsed with cheque numbers. A further sample of 8 payments were selected from the accounts and traced to Council minutes; which supported their approval by Council.</p> <p>Powers of expenditure are now itemised against each payment; within the minutes which is commended.</p> <p>Evidence within the minutes was sighted of quotes having been obtained for services as required by Financial Regulations.</p>	<p><b>Yes</b></p>
<p>C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>VAT was found to be appropriately accounted for within the accounts.</p> <p>The Council's risk management policy was last reviewed and adopted in May 2021; together with a comprehensive framework of policies and procedures which include Financial Regulations and Standing Orders.</p> <p><b>The Council has as a result of changing banks recently moved to making its payments online and as such Financial Regulations will require updating to reflect this whilst clear documented procedures would support the internal controls required in such a process.</b></p> <p>Arrangements are in place to protect Council assets via insurance and regular maintenance</p>	<p><b>Yes</b></p>

D. The annual precept requirement resulted from an adequate budgetary process; and progress against the budget was regularly monitored by the Council; and reserves were appropriate.	The Chairman presents a verbal budget monitoring report regularly at Council meetings. This is minuted.  Budget Setting 2022/23 – Council discussed the proposed budget which is listed within the Jan'22 minutes. Council resolved that the Budget be approved (Total Spend £13,801) and that the Precept be resolved as set at £13,801. <b>It was noted that the final loan capital repayment £2,536 had not been included in the budget.</b>  Reserves – Yearend balance of £9,080, is comparable with the previous year. Details of any ring fenced balances were unavailable at the time of the audit.	<b>Yes</b>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	Precept receipt of £13,750 and CIL Funding receipt (ear marked for play equipment) of £24,000 was agreed to SC remittances. The precept was also agreed to MHCLG Precept Data. A VAT refund receipt of £9,371 was agreed to supporting documents. A grant of £570 had been received from the War Memorial Trust and 2 contributions of in total £867 had been received towards play equipment costs and the War Memorial repairs as a result of invoices being issued by the Clerk/RFO.	<b>Yes</b>
F. Petty Cash has been properly accounted for	The Clerk/RFO and accounts confirmed none held	<b>Yes;</b> as none held.
G. Payroll – Approved salaries/allowances have been paid to employees/members and PAYE & NI requirements properly applied.	Two clerks have been employed during the year. All pay calculations are processed via HMRC's software (RTI) and evidence provided supported that PAYE & NI requirements have been properly applied. As a result of reconciling salary payments made to the Council approved contracted hours and pay scale; anomalies have come to light; which the Clerk is currently investigating. The new NJC pay scales which were issued on 2/3/22 which relate to the year have also been taken into account. No allowances have been paid directly to members.	<b>Overall Yes;</b> as Clerk/RFO is investigating pay discrepancies which have arisen and demonstrated her intention to resolve the matter.
H. Asset Registers and investment registers were accurate and properly maintained.	The Asset Register as at 31 March 2021 values assets for AGAR purposes at £67,035 and includes the AED. As in year a significant upgrade of play equipment has occurred (approximately £24K); I believe this should be reflected in the Asset Register as at 31 March 2022. No investment register is required.	<b>No;</b> asset register requires updating to reflect significant upgrade of play equipment.
I. Periodic Bank Reconciliations were properly carried out.	The Clerk regularly presents financial reports and bank reconciliations and bank statements to Council. (These have been emailed to councillors prior to the meeting.)	<b>Yes</b>

	These monthly bank reconciliations are evidenced as independently checked by a councillor, normally the Chairman after each meeting and minuted as having been agreed by Council. <i>Ideally the check should be carried out by a non signatory.</i> The yearend bank reconciliation showing fund held as £9,080.26 has been agreed to the bank statements and accounts by the internal auditor during the desk based audit.	
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.	The Cash Summary accounting statement is prepared on a receipts and payments basis and is populated by the excel ledger. The 21/22 AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the excel ledger, yearend bank reconciliation. Sample testing supported the accuracy of the audit trail to underlying records.	<b>Yes</b>
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in <b>2020/21</b> .	In 20/21 the Council did not qualify for a Certificate of Exemption from external audit.	<b>Not covered</b>
L. Council publishes information on a free website/webpage up to date at the time of the internal audit, in accordance with relevant transparency code requirements.	The Council's 'free' website was relied upon during the audit and found to be both informative; up to date and easy to navigate meeting transparency code requirements. (Website Examined 10/05/22)	<b>Yes</b>
M Council correctly provided the proper opportunity for the exercise of public rights in accordance with Audit Regulations.	The appropriate Notice for the Exercise of Public Rights (1/7-11/8/21) was found on the website, issued 28/6/21. The appropriate notice was given with full details of how to contact the Clerk and External Auditor. The AGAR was published on the website following its approval at the Council's 2 <sup>nd</sup> June 21 meeting. (Website Examined 10/05/22)	<b>Yes</b>
N. The Council has complied with the publication requirements for the <b>20/21</b> AGAR	The AGAR and associated paperwork were found on the Council's website. The Conclusion of Audit Notice was uploaded to the website on 20/9/21; together with the External Auditor's Certificate. (Website Examined 10/05/22)	<b>Yes</b>
O Trust Fund – The Council met its responsibilities as a trustee	The Clerk/RFO confirmed that the Council is not responsible for a trust fund.	<b>Yes</b>

SDH Accounting & Audit Services

Date: 12/5/2022