

INTERNAL AUDIT REPORT 2021-22

CRESSAGE HARLEY & SHEINTON 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); best practices as outlined in the JPAG Practitioners Guide 2021 for the year ended 31st 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. The Annual Internal Audit Report on the AGAR; was then completed.

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 satisfactory standard; overall meeting the needs of the Council and those best practices recommended in The Practitioners' Guide 2021. Please note I have not examined the 21/22 AGAR which is in the process of being completed. The following internal controls have specifically not been met this year:

D: Financial Regulations have not been complied with, in respect to budget monitoring as budget monitoring reports were not presented to Council.

L: Council publishes information on a free website which did not fully meet Transparency requirements in particular Council decisions were not always supported by reports presented to Council, specifically financial reports. September 2021 minutes could not be found on the website. Documentation on the website was found to be poorly organised and requires improvement.

M: The appropriate Notice for the Exercise of Public Rights form was not published on the website.

Findings on pages 2-4 supports the above statements. The Council's receipts have breached the £25,000 limit and therefore the Council will again be externally audited this year. I would like to thank the Clerk for his patience in scanning in records which have assisted the desk based internal audit process. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

S D Hackett

SDH Accounting & Audit Services

Tel 01743 719012

Date: 13/5/22

3 DETAILED FINDINGS – CRESSAGE, HARLEY & SHEINTON 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 receipts and payments ledger) was found to be accurate and complete providing an audit trail to documents via a reference number, cheque number and council minutes via a calendar month. The opening balance was agreed to the previous year's AGAR closing bank balance and detailed testing of a sample of transactions per the accounts confirmed its accuracy. (See B & E below.)	Yes
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 11 payments were selected from Council minutes where they were approved and traced to accounting records. A further 4 payments were selected from accounting records and traced to Council minutes; supporting Council approval. All were satisfactorily supported by invoices/receipts/pay slips. VAT was appropriately accounted for within the accounts and Financial Regulations complied with.	Yes
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Council's Risk assessment and Financial Risk assessment schedules were last reviewed and adopted by Council in June 2021 Financial Regulations dated 13/3/2018 and Standing Orders were available on the Council website and were also last adopted by Council at the June 2021 meeting. It would be prudent to update the Financial Regulations as the Council is moving to online payments.	Yes
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.	Budget Monitoring – There was little evidence of regular budget monitoring reports being considered by Council in the minutes examined (April – Dec'21). The Clerk/RFO confirmed that a budget monitoring report was presented at the Jan'22 Council meeting as part of the budget setting process. Financial Regulations require budget monitoring reports to be presented quarterly. Budget Setting 2022-23 – The Clerk/RFO presented a draft budget at the January 2022 meeting which was approved by Council who resolved that a Precept of £27,763 be requested. The draft budget report provided details of a projected outturn of £30,748. The budget report was not attached to the meeting agenda or minutes or separately available on the website; it has since been provided by the Clerk/RFO.	No; FRs have not been complied with in respect to budget monitoring.

	Reserves – The closing balance £30,046 is comparable with the previous year; however details of ring fenced reserves include CIL; Environmental Maintenance and Play Ground Repairs.	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	A precept receipt of £27,297 was agreed to supporting remittances and the bank statements. The precept was also agreed to previous year's Council's decision and MHCLG Precept Data. Other income related to recreational field use and AXA insurance claim receipts. No VAT refund has been received in year.	Yes
F. Petty Cash has been properly accounted for.	The Clerk/RFO and accounts confirmed that none was held.	Yes; as not applicable
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>The current Clerk's pay is processed via an external payroll service. One salary payment has been checked in detail by the auditor and found to be accurate and in agreement with Council decisions, the Clerk's contract and National Pay Scales. Tax has been appropriately deducted per the Clerk's tax coding and remitted to HMRC.</p> <p>The previous Clerk's pay for 20/21 and 21/22 were paid in year, in accordance with Council's approvals and PAYE & NI requirements properly applied. (The 21/22 Employer Payroll Summary Report assisted the in-year reconciliation.)</p> <p>A locum clerk was employed for two June meetings and invoiced the Council for her services (approximately £160 + mileage expenses). It would be prudent to ensure that the terms agreed when contracting a locum clerk stated that they were responsible for declaring their income to HMRC and the payment of any tax due.</p> <p>No allowances have been paid to members.</p>	Yes
H. Asset and investment registers were accurate and properly maintained.	<p>The Asset Register as at 31/3/2022 shows assets valued as per JPAG guidance at £165,827, provides a location, insurance status and value. The value is significantly different to that reported on the 20/21 AGAR and will require an explanation. No investment register is required.</p>	Yes
I Periodic Bank Reconciliations were properly carried out during the year	<p>Evidence was sighted in several monthly minutes of regular bank reconciliations being carried out and presented to Council. No evidence was provided of councillors having signed as having agreed the reconciliations to the bank statements.</p> <p>The August and year end bank reconciliations were re-performed by the auditor and found to be correct.</p>	Yes; however need to ensure bank reconciliations are independently checked and evidenced as such by councillors

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.	No accounting statements prepared during the year were available for review; other than the 22/23 Budget Forecast. The AGAR and yearend accounting statement was unavailable at the time of the audit however the excel cash book and yearend bank reconciliation agreed. The Clerk/RFO confirmed it would be prepared on a receipts & payments basis.	Not covered
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in 2020/21 .	Not covered as neither total receipts nor total payments were less than £25,000.	Not covered
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 for smaller councils.	The Council's website was found to be informative but did not meet transparency requirements. September council minutes could not be found and reports as appendices to minutes were not always present. E.g. 2022/23 Budget Forecast. Councillors contact details were not present on the website; nor signposted to the SC website. (Examined 10/4/22 & 9/5/2022.)	No
M Council correctly provided the proper opportunity for the exercise of public rights in accordance with Audit & Accounting Regulations.	The appropriate Notice for the Exercise of Public Rights form was not used; however the notice period quoted was appropriate. The 20/21 AGAR and associated paperwork were issued and found on the Council's website. (Examined 10/4/22 & 9/5/22.)	No
N. The Council has complied with the publication requirements for the 2021 AGAR	All relevant remaining yearend documentation was found on the Council's website at the time of the internal audit. The Conclusion of External Audit Notice was published in September '21 together with the External Auditor's Certificate where an anomaly was reported. i.e. Section 1 of the AGAR was signed as accurate by the Council as dated 21/6/21; whilst the Council met on the 30/6/21 and confirmed the AGAR.(Examined 10/4/22 & 9/5/22.)	Yes
O. Trust funds – the Council has met its responsibilities as a trustee.	The Clerk/RFO confirmed that the Council is not the sole trustee of such a fund.	Not Applicable.