

INTERNAL AUDIT REPORT 2021-22

ADDERLEY 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 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 Internal Audit Report on 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 meet the needs of the Council and those procedures recommended in The Practitioners' Guide 2021. As total receipts for the year exceed £25,000, the Council is not exempt from returning its AGAR to the external auditor.

Separate accounts continue to be kept for Three Parishes Neighbourhood Plan; as they are maintained within the Council's account and have been included in the AGAR's Accounting Statement.

The table of findings on page 2-3 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 informative and met transparency requirements.

I would like to thank the Clerk for her patience in scanning in requested documentation and answering questions, which has assisted the internal audit process. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

SD Hackett

SDH Accounting & Audit Services

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Date: 10/4/22

3 INTERNAL AUDIT DETAILED FINDINGS - ADDERLEY PARISH COUNCIL 2021/22

Key Control Objective	Findings	Conclusion; The key control objective has been satisfactorily achieved?
A. Appropriate accounting records have been properly kept throughout the financial year.	The primary accounts records examined 1-4-21 to 31-3-22; (i.e. the excel ledger) were found to be comprehensive, accurate and complete providing a full audit trail. The cumulative 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 10 (PC) payments and 2 (NP) payments were agreed between the accounts and Council minutes which supported approval. They were satisfactorily traced to supporting invoices/receipts which had been initialed as seen and authorised by councillors. Standing orders and direct debits were last approved by Council in January 2022. VAT was found to be 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 management policy was last reviewed and adopted in May 2021; together with its other policies. It is evident that in response to additional costs being incurred the Council is considering changing its bank and moving to an on line payment system.	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.	There is adequate minuted evidence that the Clerk/RFO regularly presents a quarterly budget monitoring progress report to Council. Budget Setting 2022-23 – The Clerk/RFO presented a Budget Monitoring report and Draft Budget at the Council's December'21 meeting. Given that total budgeted spend was £17,020 Council resolved at their Jan meeting that a Precept of £16,000 be requested, with any deficit being met from Reserves. Reserves – As at 31/3/22 total funds available £13,141. Within the Council's reserves there are ring fenced balances of £5,324 (NP). Reserves were therefore considered appropriate.	Yes
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	A precept receipt of £16,000 was agreed to a supporting remittance and the decision taken by Council. A VAT refund receipt of £1,124 relating to the previous year was traced and fully supported. A NP grant of £7,200 was agreed to supporting paperwork.	Yes
F. Petty Cash has been properly accounted for	None 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.	All pay calculations are processed using HMRC RTI software and are supported by the Clerk's contract and approved by Council with hours being increased to 25 per month (w/e 1/4/21). Monthly payments were found to be accurate and in agreement with National Pay Scales; however recently (Mar '22) revised scales for 21/22 result in back pay being owed. No allowances have been paid to members.	Yes
H. Asset and investment registers were accurate and properly maintained.	The Asset Register has been updated to reflect in year purchases as at 31 March 2022. It has yet to be formally adopted by Council. No investment register is required.	Yes
I Periodic Bank Reconciliations were properly carried out during the year	Evidence was sighted in minutes of monthly bank reconciliations being carried out and presented to Council and checked by councillors. Q3 and 4 was re-performed by the auditor and found to be correct.	Yes
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 AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the cash book and bank reconciliation. Sample testing supported the accuracy of the audit trail to underlying records.	Yes
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in 2020/21 .	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.	Yes
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 both up to date, informative and met Transparency requirements. (10/4/22)	
M In 20/21 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 and AGAR and associated paperwork were found on the Council's website. (10/4/22)	Yes
N. The Council has complied with the publication requirements for the 2020/21 AGAR	All relevant documentation relating to an exempt authority was found on the Council's website at the time of the audit.	Yes
O. The Council met its responsibilities as a trustee of a Trust Fund.	The Clerk confirmed that the Council is not a trustee of a Trust Fund.	N/A

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