

INTERNAL AUDIT REPORT 2022-23

ADDERLEY PARISH COUNCIL

1 INTRODUCTION

Dear Councillors,

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, Annual Internal Audit Report (AGAR, AIAR) and best practices as outlined in the Practitioners Guide 2022 for the year ended 31st March 2023.

The audit has been carried out remotely 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 AIAR on page 4 of 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. The Council is once again exempt from the external auditor's limited assurance review as neither total gross receipts or payments exceeded £25,000 during the year.

A separate account continues to be kept for Three Parishes Neighbourhood Plan within the Council's account and as such is included in the 22/23 AGAR's Accounting Statement.

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 informative and up to date.

I would like to thank the Clerk/RFO for her assistance. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

SD Hackett

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Date: 18/4/23

3 INTERNAL AUDIT DETAILED FINDINGS - ADDERLEY PARISH COUNCIL 2022-23

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.	<p>The primary accounts records examined 1-4-22 to 31-3-23; (i.e. the excel ledger) were found to be comprehensive, accurate and complete providing a full audit trail.</p> <p>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.)</p>	Yes
B. Council complied with its financial regulations, payments were supported by invoices/vouchers, all expenditure was approved and VAT was appropriately accounted for.	<p>A sample of 8 (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. Direct debits were last approved by Council in Jan 2023.</p> <p>The Council has changed banks and since Aug 2022 adopted online payments as its preferred method of payment. The RFO sets up payment details and two of the four councillors set up to authorize payments log into the bank's system following the Council meeting to authorize payment having been provided with copies of the invoice.</p> <p>VAT was found to be appropriately accounted for within the accounts and Financial Regulations were complied with. Powers supporting payments made are recorded in the Payments Ledger.</p>	Yes
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<p>The Council's risk management policy was last reviewed and adopted in May 2022; together with other policies which included Standing Orders and Financial Regulations.</p> <p>Council assets are insured and inspected by councillors regularly. Evidence was found in the minutes of the Council responding to maintenance and repairs highlighted in the annual playground ROSPA report.</p>	Yes
D. The annual precept requirement resulted from an adequate budgetary process; progress against	There is adequate minuted evidence that the Clerk/RFO regularly presents a quarterly budget monitoring progress report to Council.	Yes

the budget was regularly monitored by the Council; and reserves were appropriate.	<p>Budget Setting 2023-24 – The Clerk/RFO presented a Budget Monitoring report and Draft Budget at the Council’s December’22 meeting. Given that total budgeted spend was £16,880 Council resolved at their Jan meeting that a Precept of £16,407 be requested, with any deficit being met from Reserves.</p> <p>Reserves – As at 31/3/23 total funds available £10,911. Within the Council’s reserves there are ring fenced balances including £2,150 relating to NP3. Reserves were considered appropriate.</p>	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	A precept receipt of £16,046 was agreed to a supporting remittance and the decision taken by Council in 21/22. A VAT refund receipt of £689 relating to the previous year was traced and fully supported. An in year NP3 grant receipt and refund was satisfactorily explained.	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.	<p>All pay calculations are processed using HMRC RTI software and are supported by the Clerk’s contract and approved by Council based on 25 hours per month. Monthly payments were found to be accurate and in agreement with National Pay Scales. Back pay due as a result of a national pay award being agreed in year and back dated to 1/4/22 was correctly processed.</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 31/3/2023 has been updated to reflect in year purchases of street furniture. Assets are valued for AGAR purposes as per JPAG best practices and in line with the previous year’s adopted practice. The Asset Register has yet to be formally adopted by Council.</p> <p>No investment register is required.</p>	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.	<p>The 22/23 AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agree with the cash book and bank reconciliation.</p> <p>Sample testing above supported the accuracy of the audit trail to underlying records.</p>	Yes

K. The Council appropriately certified itself as exempt from a limited assurance review by external audit in 2021/22.	The Council was not exempt from a limited assurance review by external audit in 2021/22.	N/A
L. Council publishes information on a website/webpage up to date at the time of the internal audit, in accordance with relevant legislation.	The Council's website was found to be both up to date, informative and met legal requirements. (Examined 9/3/2023)	Yes
M. During 22/23 Council correctly provided the proper opportunity for the exercise of public rights relating to the 21/22 AGAR in accordance with Accounts and Audit Regulations.	The appropriate Notice for the Exercise of Public Rights, 21/22 AGAR and associated paperwork were found on the Council's website. (Examined 9/3/23)	Yes
N. The Council has complied with the publication requirements for the 2021/22 AGAR	All relevant documentation was found on the Council's website at the time of the audit. The External Audit Report/Certificate and Conclusion of Audit Notice having been published on 8/8/22. (9/3/23)	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

SDH Accounting & Audit Services

Date: 18/4/2023