

Year End Internal Audit Report to Stickford Parish Council 2021/2022

Income £ 8,437.71 Expenditure £ 6,183.72 Reserves £ 20,128.78

Overview

An Internal Audit has been carried out in accordance with the Council's needs and to report on the adequacy of systems and controls.

In respect of the specific AGAR Internal Control Objectives I wish to make the following comments :

A Accounting Records

Proper accounting records have been maintained throughout the year and the digital records correctly kept.

B Payment Control

There is evidence to support that this Parish Council complied with its Financial Regulations, payments were supported by invoices, all expenditure was approved and in the main Vat was appropriately accounted for.

The guidance notes indicate that I also need to satisfy myself that there should be procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the Standing Orders and Financial Regulations and I need to ensure that the values are consistent between these two documents.

Unfortunately I cannot find anything within the Standing Orders relating to acquisitions.

Because of the above I do not believe that the Council has met the Standard on this Objective.

C Risk Management Arrangements

I can see that insurance cover is in place some Risk Assessments have been reviewed within the year.

D Budgetary Controls

The Council has prepared an Annual Budget in support of its Precept. I can see that this has been considered, approved and adopted.

Interim budget reports have been reviewed during the year and variances discussed.

The precept received within the year matches both the Precept paperwork in the previous year's records and the public record of precepted amounts.

E Income Controls

All Income is properly recorded and promptly banked.

F Petty Cash Payments

Not applicable to this Council

G Payroll Controls

There is a PAYE scheme in place. There are strict rules regarding compliance with HMRC and the system of RTI (Real time Information) and online filing which has been adhered to.

H Asset Controls

The Fixed Asset register provided to support the 2020/2021 accounts has been maintained and updated accordingly, however this does not match the items insured.

Because of the above I do not believe that the Council has met the Standard on this Objective.

I Bank Reconciliation

A Bank Reconciliation was completed and Bank Statements were reconciled to the digital Receipts and Payments listings and I can see in the Minutes where the Bank Account Balances are listed together with details of any unrepresented cheques.

J Year End Procedures

The digital records are summarised, totaled and agreed to the Bank Reconciliations.

K Exemption Certification

The Exemption Certificate was duly completed on page 3 of the AGAR, the minute reference was correct and the values for Income and Expenditure were correct.

L Transparency Code

In addition to the AGAR and the associated documents (see N) the following items should all be appearing on the website and I have indicated the current position for these

Document	Status	How often
Agendas	Unable to locate the Agenda for the Parish Council Meeting dated 25 th May 2021 and the Agenda for the Annual Parish Meeting dated 18 th May 2021 is showing under Parish Council Meeting Agenda's	As appropriate
Minutes	All present however the minutes for the December Parish Council Meeting minutes are still showing as draft as are the ones for March	As appropriate
Papers of Formal Meetings	Unable to locate the Minutes for the Annual Parish Meeting held on the 18 th May 2021	As appropriate
All Items of Expenditure above £100	Nothing on the Website	Annually
List of Councilors or Member Responsibilities	Nothing on the Website	Annually
Details of Public Land and Building Assets	Not applicable	Annually

Because of these errors and omissions I do not believe that the Council has met the Standard on this Objective.

M Public Rights

The 2020-2021 Notice of Electors Rights is appearing on the Website however I cannot find anything in the Minutes to confirm the dates set.

N AGAR Publication Requirements

The Publication requirements for 2020-2021 are as follows and I have itemised the status of these individually.

Document	Status	How often
Certificate of Exemption	2021 showing	Annually
Annual Internal Audit Report – AGAR Page 4	2021 showing	Annually
Section 1 Annual Governance Statement Page 5	2021 showing	Annually
Section 2 Accounting Statements Page 6	2021 showing	Annually
Analysis of Variances	2021 not showing	Annually
Bank Reconciliation	2021 showing	Annually
Notice of the period for the Exercise of Public Right	2021 showing	Annually

The Council has therefore not met the Standard on this Objective.

Summary and Recommendations

This year I was given access to the PKF Littlejohn email that enabled me to access the March 2021 Practitioner's Guide which contains an Internal Audit Checklist that I should be following to assure standards are met.

I would recommend that this document is used as a benchmark for setting minimum standards in future so that you are fully compliant.

The Internal Auditors function is to test and report to the Authority on whether its specific system of Internal Control is adequate and working satisfactorily.

They can only Audit what is there, so agendas, minutes, supporting evidence and accounting records all need to be comprehensive and readily available.

The Clerk/RFO/Chair also needs to carefully read the Internal Audit Checklist to make sure they are supplying the Internal Auditor with all the records that they need to carry out the Audit in a timely manner.

In summary I believe that the Council has adequate accounting records and the Workbook I provided last year has been kept up to date by the Clerk/FRO and has been used for recording, reconciliation as well as Budget Control and the register of Fixed Assets.

There were one or two areas that required tweaking when it came to auditing and I have shared these with the Clerk/RFO so going forward these should not be an issue.

The guidance notes indicate that I also need to satisfy myself that there should be procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the Standing Orders and Financial Regulations and I need to ensure that the values are consistent between these two documents.

Your Risk Management Policy indicates that the Council were planning on introducing a specific figure where all purchases over this Value had to have Estimates/Tenders.

I can see that this is showing in the Financial Regulations but not in the Standing Orders.

The Internal Auditor also needs to assure themselves that the Parish Council have assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these and in particular...

- That the Parish Council has prepared and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc

I have reviewed the Risk Management Policy which is on your website. This has changed since the 2020 version but must point out that this document has no date on it so I am therefore unable to tell when this was written or last reviewed.

It is good practice to have the date written and the date reviewed on all Policies and I must recommend that this is introduced on all of these documents relating to yourselves.

Also the Risk Assessments for the use of the mower and strimmer are not on the website and would recommend that these were added.

The Internal Auditor also needs to ensure that the Authority are maintaining a formal fixed asset register and they need to...

- Compare the asset register with the Insurance Schedule to ensure that all assets are recorded are appropriately insured or "self-assured" by the authority

In respect of the Insurance cover....

- There are 4 notice boards listed but only 3 on your fixed asset register
- Neither the mower or the strimmer are itemised with the other Council Assets. This seems a bit strange as I can remember you telling me at the Interim Audit that the Insurer's had been notified that they were to be kept at the Chair's address.

I would recommend that your Insurance is updated as soon as possible and perhaps you should consider incorporating a review of this when you carry out your bi-annual Health & Safety Inspections.

The 2020-2021 Notice of Electors Rights is appearing on the Website however I cannot find anything in the Minutes to confirm the dates set and I must recommend that going forward this is recorded.

I have also reviewed the plan that you put in place following my audit last year so that I can highlight to you any area's that either have not or have only partially been adhered to

Your Plan agreed at the Parish Council Statutory Meeting held on Tuesday 3rd August 2021

- 1) Clerk/RFO to produce an Income and Expenditure Report along with bank reconciliation and reasons for significant variances in the Budget Control Report at every other Parish Council meeting, and to issue it via email prior to that meeting to all councilors.

Can a hard copy of the email document pleased be attached to the minutes in future to prove that has been done and comments made in the minutes regarding any discussion on variances.

- 2) Asset Register to be verified every 6 months, along with a Health & Safety Inspection of Assets. This is to be updated by the next meeting and published on the website.

I cannot find anything to prove that these bi annual checks/inspection have been completed and the Asset Register is not currently appearing on the Website.

- 3) Payroll has been set up and 1st quarter completed.

This has been done and appears to be working well.

- 4) Clerk/RFO to note re best practice for bank transfers between accounts and schedule of payments on Agenda.

This has been done.

- 5) LALC have recommended an independent IT consultant who will keep the website up to date with all relevant information. All the councillors have approved the appointment of this LALC approved consultant on the Premium package of £15 per month + vat, for 6 months with a view to a further 12 month agreement. This will ensure the correct information is being published on the Stickford Parish Council website, as requested by LALC.

The IT Consultant appears to have entered documents as requested however, it is the Councillors/Clerk's responsibility to make sure that all necessary documents are appearing on the website.

Last year I suggested that a comprehensive list be compiled of all items that should be published on the Website as per the Transparency Code with a view to this being reviewed regularly and recorded in the Minutes and I must recommend this once again.

- 6) VAT returns to be done annually.

This was carried out however I would recommend that if possible this is carried out closer to the year end if future.

- 7) For all purchases over £100, 3 separate quotes will be obtained where possible.

No purchases fell into this category during the Financial year.

8) All councillors agreed for an Interim Audit to be carried out in November 2021.

This was carried out, a little later than indicated but this was at the Auditors request.

9) A memory stick has been purchased to Backup all information on the Clerks laptop. A backup is to be done monthly.

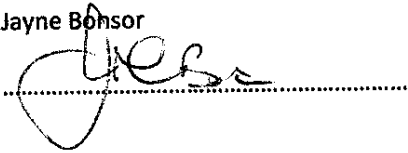
Completed as indicated.

10) The Financial Regulations and Standing Orders are being updated – to be completed by November 2021.

I believe that this is still ongoing and hopefully some of these plans will be incorporated within them.

Finally, I have recommended to your Clerk/RFO that in order to make the year end process as seamless as possible that in future it would be best if the Audit was carried out in late April so that hopefully everything can be completed ready for your May meeting.

Jayne Bonsor



Date

10.6.2022