

# Year End Internal Audit Report to Stickford Parish Council 2022/2023

Income            £ 76,106.94    Expenditure   £ 74,417.94    Reserves    £ 21,817.78

## 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.

As you aware this year's Income and Expenditure has been inflated by £62,500 because of East Lindsey paying Stickford Parish Council an incorrect amount for the 2022/2023.

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 however there are several errors regarding the calculation of Vat.

Unfortunately I can find values in the published Financial Regulations relating to the values for quotations/estimates but nothing within the published Standing Orders relating to acquisitions.

**Because of these 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 has been maintained and updated accordingly.

### **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	All present and correct	As appropriate
Minutes	All present and correct	As appropriate
Papers of Formal Meetings	All present and correct	As appropriate
All Items of Expenditure above £100	All present and correct	Annually
List of Councilors or Member Responsibilities	All present and correct	Annually
Details of Public Land and Building Assets	Not applicable	Annually

### **M Public Rights**

The 2021-2022 Notice of Electors Rights is appearing on the Website and matches the minutes.

### **N AGAR Publication Requirements**

The Publication requirements for 2021-2022 were as follows and I have itemised the status of these individually.

Document	Status	How often
Certificate of Exemption	2022 showing	Annually
Annual Internal Audit Report – AGAR Page 4	2022 showing	Annually
Section 1 Annual Governance Statement Page 5	2022 showing	Annually
Section 2 Accounting Statements Page 6	2022 showing	Annually

Analysis of Variances	2022 showing	Annually
Bank Reconciliation	2022 showing	Annually
Notice of the period for the Exercise of Public Right ....	2022 showing	Annually

## Summary and Recommendations

Again I have used the PKF Littlejohn March 2021 Practitioner's Guide Internal Audit Checklist to assure standards are met.

As mentioned before 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 some calculation errors on the spreadsheets provided and some errors when calculating and reclaiming input vat and these have been shared with the Clerk/RFO so going forward these should not be an issue.

I have also reviewed the plan that you put in place following my audit last year so that I can highlight to you the progress made ....

### The extra notes dated 26.07.22 state

- **The Standing Orders and Financial Regulations have been updated (July 2022) to show that procedures are in place for the acquisition of 3 formal tenders and/or quotes when work is carried out or purchases made**

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 dated and revised 2020 March 2023 states in point 1.5 states that the Council will introduce practice of estimates for all purchases over an agreed figure.....

I can see in the Financial Regulations on the website that a quotation is required for purchases between £1000 and £100 and 3 Estimates for purchases between £100 and £50 but no values are mentioned in the Standing Orders on the website.

- **Zurich Insurance Company have been contacted (July 2022) and policy updated with sums insured to match Assets Register**

I can see that this update has been carried out and I have assumed that the bench purchased in March 2023 is due to be added.

- **The Clerk has rectified and updated the website with the missing items**

Satisfactorily completed

- **The Clerk has been made aware of the need for Analysis of Variances and will seek to clarify this for the next year**

Satisfactorily completed

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

Jayne Bonsor

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 **REDACTED**

Date

2.5.2023