

# INTERNAL AUDIT REPORT 2022-23

## COUND PARISH COUNCIL

### 1 INTRODUCTION

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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 Internal Audit Report (AIAR) on page 4 of the Annual Governance and Accounts Return (AGAR) and best practices as outlined in the JPAG Practitioners Guide 2022 for the year ended 31<sup>st</sup> March 2023.

The desk based 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 was then completed as per conclusions drawn from these detailed findings.

### 2 OVERALL

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**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 best practices.** Neither receipts nor payments for the year have exceeded the £25,000 threshold, therefore the Council will once again qualify for an exemption from being externally examined.

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 which was found to be both informative and up to date.

I would like to thank the Clerk/RFO Lisa for her co-operation during the internal audit process. Should members have any queries with this report please do not hesitate to get in touch.

Kind Regards,

*S D Hackett*

Mrs S D Hackett

SDH ACCOUNTING SERVICES

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Date: 25/04/2023

### 3 INTERNAL AUDIT DETAILED FINDINGS - COUND PARISH COUNCIL 2022/23

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 1-4-22 to 31-3-23; (i.e. the excel ledger) was found to be comprehensive, accurate and complete providing a full audit trail. The opening balance was agreed to the previous year's AGAR closing bank balance and detailed testing of a sample of transactions confirmed the accounts accuracy. (See B, E & I below.)	<b>Yes</b>
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 8 payments were agreed between the accounts and Council minutes, which supported Council approval. Supporting invoices/documentation was provided which supported each payment and was evidenced as approved by two councillors. An online payments system continues to be used; whereby two councillors are responsible for approving payments set up by the Clerk/RFO. VAT (input tax) was found to be appropriately accounted for within the accounts.	<b>Yes</b>
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	A framework of policies and procedures have been adopted by the Council to mitigate against significant risks to achieving its objectives. The Council's Risk Assessment Schedule was last reviewed and adopted in May 2022; when internal controls were reviewed. Standing Orders and Financial Regulations were readopted in May 2022. Council assets are routinely physically inspected and insured.	<b>Yes</b>
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.	A detailed budget monitoring report was prepared at half year and prepared for the purposes of budget 23/24 setting. Because of the low volume of transactions this was considered satisfactory.  Budget Setting 23/24 – The Clerk/RFO presented an in year Budget Monitoring report and draft Budget; expected spend being in the region of £7,329. These were considered and Council resolved at its Jan'23 meeting that a precept of £6,756 be requested with any shortfall being met from reserves.  Reserves – The yearend balance of £5,211 remains low. Other than the annual EM grant, which may or may not be granted the Council has no alternative source of income other than the precept.	<b>Yes; however reserves remain low.</b>

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	A precept receipt of £6756 and SC EM grant of £487 was agreed to supporting SC remittances. The precept was also agreed to previous year's Council's decision.	<b>Yes</b>
F. Petty Cash has been properly accounted for	None held as per the Clerk; therefore the objective has been achieved.	<b>Yes</b>
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; based on working 26hrs per month. 3 salary payments have been checked in detail. The Clerk has carried out a reconciliation between her P60 and the cash book; a minor difference (£56.60) has arisen which may be due to timing differences. The Clerk is investigating the matter.  Arrears due as a result of the national agreed pay award have been back dated to April'2022 and paid as part of Dec/Jan pay.  No allowances have been paid to members.	<b>Overall, Yes</b>
H. Asset and investment registers were accurate and properly maintained.	The Asset Register as at 31/3/23 of £6027 reflects the costs of assets held by the Council as prescribed by the Practitioners' Guide. There has been no in year additions/disposals. No investment register is required.	<b>Yes</b>
I Periodic Bank Reconciliations were properly carried out during the year	Evidence was sighted in council minutes of regular bank reconciliations being reported to Council by the Clerk/RFO; and having been checked by a councillor. This is supported by reconciliations and supporting paperwork have been signed to this effect by a councillor and the Clerk/RFO. The yearend bank reconciliation as at 31/3/2023 was re-performed by the auditor and found to be accurate.	<b>Yes</b>
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.	Accounting statements prepared during the year correspond with the cash book and have been prepared accurately on a receipts and payments basis.  The 22/23 AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the cash book, fixed assets and year end bank reconciliation. Sample testing supported the accuracy of the audit trail to underlying records. (See B & E above.)	<b>Yes</b>
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in <b>2021/22</b> .	Council resolved to approve the Certificate of Exemption from external audit at its May 2022 meeting; as neither receipts nor payments for the year exceeded £25,000. The certificate was found on the Council's website. (Examined 10/3/23)	<b>Yes</b>

L. Council publishes information on a website/webpage up to date at the time of the internal audit, in accordance with legal requirements.	The Council's website was found to be both informative; up to date and met legal requirements. (Examined 10/3/23)	<b>Yes</b>
M In 2022 Council correctly provided the proper opportunity for the exercise of public rights in respect of the 21/22 AGAR in accordance with Accounts and Audit Regulations.	The appropriate Notice for the Exercise of Public Rights was issued on 27/5/22 and found on the Council's website. The appropriate notice was given (13/6-22/7/22 with full details of how to contact the Clerk/RFO and External Auditor. (Examined 10/3/23)	<b>Yes</b>
N. The Council has complied with the publication requirements for the <b>2021/22</b> AGAR	All relevant documentation was found on the Council's website at the time of the audit. (Examined 10/3/23.)	<b>Yes</b>
O Trust Fund – The Council met its responsibilities as a trustee.	The Clerk/RFO confirmed that the Council is not a trustee of a Trust Fund/Charity.	<b>Not Applicable</b>