

INTERNAL AUDIT REPORT 2021-22

ACTON BURNELL, FRODESLEY, PITCHFORD, RUCKLEY & LANGLEY PARISH COUNCIL

1 INTRODUCTION

As the Council's Internal Auditor for the year ended 31st March 2022 I have performed an independent examination of areas required to meet the internal control objectives as listed on page 4 of the Annual Governance and Accounts Return (AGAR) for 2021/22. I hold the CilCA qualification rendering me competent to carry out the Internal Audit. The audit has been carried out on a risk assessment basis and assesses the Council's compliance with best practices as outlined in the 'Practitioners Guide 2022' published by the Joint Panel on Accountability and Governance (JPAG) in March 2022.

2 OVERALL

The standard of administration and system of internal controls relating to the audit areas examined were found to be of a high standard enabling me to complete the Annual Internal Audit report positively with no recommendations for improvement. Council has taken heed of the points raised in the 2020/21 internal audit report and has put measures in place to successfully address those issues - see sections B and D below.

This year, the Clerk/RFO has commenced and is quite advanced in the completion of her CilCA qualification. It is clear that the learning from this course is being put into practice.

Completion of the Certificate of Exemption for 2021-22 would be appropriate given the annual gross income and annual gross expenditure values of the Council for this period.

3 DETAILED FINDINGS & RECOMMENDATIONS

The following outlines the areas covered:

A Appropriate accounting records have been properly kept throughout the financial year.

The primary accounts records examined (i.e. Excel Spreadsheets) were found to be accurate and supported the annual accounts statement.

The internal control objective has been met.

B The Council complied with its financial regulations, payments were supported by invoices/vouchers, all expenditure was approved and VAT was appropriately accounted for.

Total payments for the year were £23,701. A sample of 12 payments were examined (including Payroll) and were agreed to the bank statements, supporting invoices, payroll summaries and financial accounts.

The 2021 audit identified a weakness relating to there being no clearly defined link between the overall sum approved at meetings and the breakdown of that sum across approved payees. The Clerk/RFO and the Council have addressed this issue during the year. There is now a clear audit trail of appropriate and full approval of payments made.

VAT is appropriately accounted for. The last VAT claim was received from HMRC in October 2021 and was found to be accurate and to agree with underlying records.

Council's Financial Regulations were recorded in the minutes as revised and re-adopted at its January 2022 meeting and a copy was provided for the audit.

The internal control objective has been met.

C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The Council has clearly demonstrated that it has assessed significant risks to achieving its objectives during the year - for example the Council undertook a full Covid risk assessment for return to face to face meetings. The Council considered and re-adopted its comprehensive Annual Risk Assessment at its May 2021 meeting. The next review is due in May 2022.

Various policies have been updated and added to the website during the year. All policies recorded on the website show appropriate review dates.

Appropriate insurance cover is in place.

The internal control objective has been met.

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

Council failed on this internal control objective for the 2020/21 internal audit and recommendations were made to improve the controls.

1. Budget monitoring

Council minute 21.3.11.1 (March 21) informed that regular budget monitoring was to be introduced for the 2021/22 year.

Robust actual against budget monitoring has been introduced this year. There is evidence of this being regularly reported and actively considered at Council meetings throughout the year. Budget monitoring reports are posted on the website alongside the minute meetings, aiding transparency to the general public.

2. Precept/Budget 2022/23

The Council resolved to set a precept of £5,705 at its January 2022 meeting, minuted at 22.1.10.1. This followed consideration of spending in 2021/22, planned expenditure for the next twelve months and the need to maintain adequate but not excessive reserves. This level of precept brings the projected 2023 year end general reserve within the acceptable level for this size of Parish, of twelve months net revenue expenditure.

3. Reserves - The 2022 year-end balance of £76,856 is made up of 'ring-fenced'/restricted funding (Lightsource and CIL) totalling £67,834 and £9,022 of general reserves.

The 2021 internal audit highlighted weaknesses in Council's consideration of the level of holding reserves. A comprehensive "Financial Reserves Policy" was drawn up and adopted by Council in

September 2021. Min ref 21.9.10.4. This fully addresses the audit issues raised and there is clear evidence from the minutes of subsequent meetings that the policy is being implemented.

The improvements made on all three areas of this control objective during the year are highly commendable, clearly demonstrating best practice in the reporting of publicly funded spending.

The internal control objective has been met.

E Expected income was fully received, based on correct prices, properly recorded and banked.

Total receipts for the year were £18,169, mainly comprising the annual Precept of £5,674 and 'Lightsource' income of £12,350 from the array of solar panels. These were properly recorded in the accounts and supported by remittance advices.

The internal control objective has been met.

F Petty Cash Float - No petty cash float is held by the Clerk.

G Salaries to employees and allowances to members were paid in accordance with the Council's approvals and PAYE & NI requirements were properly applied.

The Clerk's net salary payments and HMRC deductions as detailed in the accounts have been reconciled to the P60. Council minutes support salary payments.

The Chairman received an allowance of £150 during the year which was properly approved and minuted.

The internal control objective has been met.

H Asset and investments registers were complete and accurate and properly maintained

The Council's fixed asset register/inventory as at 11/5/21 was examined and found to clearly detail assets at their written down value total of £750.

The internal control objective has been met.

I Periodic and Year-End Bank Reconciliations were properly carried out.

A year end bank reconciliation has been prepared by the Clerk/RFO and re-performed and agreed by the Auditor. The Clerk has regularly presented reconciled bank balances to Council which have been independently agreed by a member of the Council, who has evidenced the checks.

The internal control objective has been met.

J Annual Governance & Accountability Return (AGAR) 2021/22; Statement of Accounts (page 6)

The draft AGAR and Statement of Accounts has been correctly compiled on a receipts and payments basis and is supported by accounting records.

The internal control objective has been met.

K The Council appropriately certified itself as exempt from a limited assurance review in 2020/21

The internal control objective has been met.

L The authority publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the Transparency code for smaller authorities

The Council has a website on which it publishes the basics required by the Transparency code along with a number of other non-mandatory reports. The website was found to be overall up to date, well catalogued and informative.

The internal control objective has been met.

M During the previous year (2020-21) Council correctly provided the proper opportunity for the exercise of public rights in accordance with Accounts and Audit Regulations.

The notice of the period for the exercise of public rights was fully completed and advertised on the Council's website during the summer of 2021.

The internal control objective has been met.

N The authority has complied with the publication requirements for 2020/21 AGAR

The Council published the required information on its website at the appropriate times fully complying with the Accounts and Audit Regulations.

The internal control objective has been met.

O Trust Funds - The Council is not responsible for a trust fund.

Council Meetings & Website - A sample review of Council meeting minutes confirmed that the necessary number of councillors were in attendance achieving the required quorum. Council minutes were appropriately signed as accurate.

Should the Council or Clerk/RFO have any queries with this report please do not hesitate to contact me. I would like to thank Anna for her complete, clear, and exceptionally well organised records.

Best regards,

Kathy Symonds, CiLCA

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24th April 2022