

**TOLLESHUNT D'ARCY
PARISH COUNCIL**

**INTERNAL AUDIT
REPORT
2021 / 2022**

**M Howard (F.C.P.F.A.)
Internal Auditor
June 2022**

CONFIDENTIAL

Introduction

I have now examined the records for 2021/2022 using, as the basis of my review, the internal control objectives required by the external auditor as part of the Annual Return. I would like to take this opportunity to express my appreciation to Mrs. Michelle Curtis for her assistance and for the straight forward and helpful way with which she presented the Council's procedures and records.

Findings

A summary of the Annual Return control objectives, together with my findings and recommendations are listed below:

A. Control Objective

Appropriate books of account have been properly kept throughout the year.

Finding

During the year a computerized accounting system, called "Alpha" was operated and together with payroll software has been used to record the Council's financial transactions for 2021/22. During my audit I was able to check that the transactions were consistent with those recorded by the bank, in the year end accounts and the Annual Return.

At the year end these systems provided the information required in the annual accounts prepared by the Clerk for the latest Annual Return.

During the audit a miscoding related to VAT was identified resulting in an adjustment to the AGAR figures. Appropriate changes have been made to the accounts and a revised AGAR Accounting Statement prepared for approval at the June Council Meeting.

B. Control Objective

The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT appropriately accounted for.

Finding

The Council's Standing Orders and the Financial Regulations were reviewed in May 2021.

During 2021/22 payments were supported by invoices, expenditure was approved, authority for payments were all recorded and VAT appropriately accounted for. At the 31st March 2022 all VAT paid had been reclaimed or accounted for.

C. Control Objective

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

Finding

The risk assessment was reviewed and approved by the Council on the 26th April 2022.

In March 2019, a new "Practitioners Guide" regarding Governance and Accountability for Local Councils was published with changes to the external audit requirements, including those relating to Risk Assessment.

The Risk Assessment and Management document approved by the Council in April 2022 follows the approach recommended in the Practitioners Guide.

D. Control Objective

The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored and reserves were appropriate.

Finding

The annual precept requirement did result from an adequate budgetary process. Progress against the budget was regularly monitored during 2021/22.

E. Control Objective

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.

Finding

The receipts received during 2021/22 other than the £21,515 precept were:

- £3,600 Rent of Pavilion
- £1,538 Burial Ground fees.
- £360 Pitch Fees

In addition, £1,249.01 and £2,787.84 VAT was received in the period ended 31st March 2022. A further £866.07 was outstanding as at the 31st March 2022 for the period 1st October 2021 to 31st March 2022.

F. Control Objective

Petty Cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.

Finding

There is no petty cash.

G. Control Objective

Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.

Finding

I have not been provided with the new contract of employment for the Clerk following her November 2021 upgrade. During 2021/22 she has been paid consistent with previous contracts of employment before the upgrade agreed by the Council in November 2021.

In addition, the Clerk was paid £246.80 for burial ground duties.

I was able to verify that all PAYE and NI requirements were met during 2021/22 but identified a few minor issues. Having discussed these matters with the Clerk we felt that the current Standing Order arrangement was complicating the situation and should be replaced with making online payments consistent with the pay slip produced by the payroll system.

The PAYE year end returns have been submitted to HMRC by the Clerk.

H. Control Objective

Asset and Investment registers were complete and accurate and properly maintained.

Finding

I have examined the Register of Assets provided for audit examination which includes insurance valuations which can be reconciled with the insurance policy.

The Value of Assets on the Annual Return at the 31st March 2022 is £222,936 which is consistent with the 2022 asset register.

External Audit guidance has changed again regarding how Local Councils should value their assets. This does not require any changes for this year but there may be advantages in reviewing the Council's arrangements before March 2023.

I. Control Objective

Periodic and year end bank account reconciliations were properly carried out.

Finding

Bank reconciliations were carried out throughout the year and the reconciliation as at the 31st March 2022 was formally recorded and verified during the audit.

J. Control Objective

Accounting statements prepared during the year were prepared on the correct accounting basis, agree with the cash book, and were supported by an adequate audit trail from underlying records.

Finding

The Accounting statements prepared during the year were prepared on a receipts and payments basis, they agree with the cash book, and are supported by an adequate audit trail from underlying records.

K. Control Objective

If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the criteria and correctly declared itself exempt.

Finding

In 2020/21, the Council did not exempt itself from a limited assurance review.

L. Control Objective

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.

Finding

The Information can be found on tolleshuntarcy.org.

M. Control Objective

The authority during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations

Finding

I have a copy of the 2020/21 Notice of “Public Rights...” and viewed it on the current website.

N. Control Objective

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

Finding

I can confirm these requirements are being complied with on the current website.

I would draw the Council’s attention to the publication requirements for the 2021/22 AGAR, particularly those which must be complied with by the 1st July 2022.

O. Control Objective

Trust funds (including charitable). The council has met its responsibilities as a trustee.

Finding

Not Applicable.

Recommendations

With reference to the above findings I recommend that the Council speedily progress the following-

- Approve the adjusted AGAR Accounting Statement
- Update the Clerk’s Contract of employment.
- Cease the Payroll Standing Order arrangement and replace it with monthly online payments consistent with the payroll system reports.

- The requirements regarding the website are fully complied with by the 1st July 2022 and that this is recorded formally in the Councils Minutes.
- Review its valuation of assets before March 2023 as per the revised external audit guidance.

Opinion

After extensive checking of the Council's records and accounts, I have found the systems to be sound. During the year 2021/22 the procedures and processes required by the external auditor have been improved by the Clerk and operated effectively.

M. G. Howard F.C.P.F.A

27th June 2022