

Annual Internal Audit Report 2021/22

Downley Parish Council

www.downleyparishcouncil.org

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		✓	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		✓	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements		✓	
M. 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 (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

24/06/2022

Name of person who carried out the internal audit

KELLY WILLCOX

Signature of person who carried out the internal audit

Date

24/06/2022

*If the response is 'no' please (add separate sheets if needed)

**Note: If the response is 'not covered' please state when the next planned; or, if coverage is

Address any weakness in control identified

audit work was done in this area and when it is explain why not (add separate sheets if needed).

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Internal control objective	Yes	No	Not Covered	Notes	Recommendations
A. Appropriate accounting records have been properly kept throughout the financial year.	✓			Council is no longer using Edge. The current Clerk / RFO prefers to use spreadsheets	
B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓			It was identified that a number of regulations were not being met- 5.2 - Approved payment schedule is signed off by the chairman at the meeting. 5.3 All invoices for payment are not showing as being verified by the RFO. 6.5 A number of invoices and counterfoils were identified that did not have both or any of the signatories initials. Examples (Cic 1980, 1990) Invoice 07/21, 13/203, May Salary. The council last reviewed the finance risk register at policy and finance meeting 4 March 2021.	Change processes to follow Financial Regulations or change the Regulations to meet current processes without compromising controls.
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓			Regular budget reports have been submitted to council. The council monitors the levels of reserves.	Risks need to be reviewed annually.
D. The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves were appropriate.	✓			The council does not record debtors. Clerk has resolved previous allotment rental payments. This year there is only one outstanding payment.	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked and VAT was appropriately accounted for.	✓			The council holds no petty cash. Small items are purchased by Clerk and expenses claimed.	
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓			During the year the council used an external payroll provider who ran the payroll process and submitted to HMRC. Regular payments of PAYE tax and National Insurance are paid for by the council.	
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓			A summary was provided by the council which agreed to the AGAR.	The council should be able to identify Assets to agree and minute disposals and additions at the year end. It is recommended to update the Fixed Asset register with more details to ensure accuracy.
H. Assets and investment registers were complete and accurate and properly maintained.	✓				
I. Residual bank account reconciliations were properly carried out during the year.	✓				
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly reconciled.	✓			A sample of bank transactions were reviewed to ensure control objective was met. There was adequate documentation but lack of controls per the financial regulations.	See #8
K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")	✓			N/A	N/A
L. If the authority has an annual turnover not exceeding £25,000, it 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.	✓			Information should be published quarterly 1 month after the quarter end. This has not been done due to a confidentiality query.	If delayed due to queries in future call internal auditor for advice, rather than leave until the audit.
M. The authority, during the previous year (2019/20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (enforced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓				
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 2 Guidance Notes).	✓				
(For local councils only)					
O. Trust funds (including charitable) - The council met its responsibilities as a trustee.	✓				

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) Internal audit undertaken: 24 / 06 / 2022

Internal Auditor: Kelly Wilcox

Date: 24/06/2022