

## 1 INTRODUCTION

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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 Governance and Accounts Return (AGAR) and best practices as outlined in the Practitioners' Guide 2020 & 2021 for the year ended 31<sup>st</sup> March 2021.

The audit has been carried out using a risk assessment basis approach and examines the Council's compliance with its relevant procedures and controls through a review of these controls and by selected sampling. The internal audit report within the AGAR was then completed as per conclusions drawn from these findings.

## 2 OVERALL

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I have completed an examination of Council records made available to me to date and have completed the AGAR's Internal Audit report positively. **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 those recommended in The Practitioners' Guides.** Once again the Council will be subject to a limited assurance review by External Audit as total receipts exceed £25,000.

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 virtually and that council decisions were clearly recorded. Reliance was placed on the Council's website during the audit and it was found to be both informative and met transparency requirements.

I would like to thank the Clerk for his patience in scanning in and presenting various records which have assisted the desk based internal audit process. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

*SD Hackett*

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Date: 15/5/2021

### 3 INTERNAL AUDIT DETAILED FINDINGS – ALVELEY & ROMSLEY PARISH COUNCIL 2020/21

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 1-4-20 to 31-3-21; (i.e. the excel ledger) was found to be comprehensive, accurate and complete providing a full audit trail to source documents and minutes.	<b>Yes</b>
B. Council complied with its financial regulations, payments were supported by invoices/vouchers, and all expenditure was approved and VAT was appropriately accounted for.	<p>The majority of payments are made by cheque requiring two councillors' signatures. A sample of 10 payments were agreed between the accounts and Council minutes. They were satisfactorily traced to supporting invoices/receipts.</p> <p>Further sample entries per the Council's Schedules of Payments, (which itemises power of expenditure) were agreed to the ledger. The schedules are authorised by the Chairman and presented at Council meetings.</p> <p>Evidence was also sighted of quotes being obtained in accordance with Financial Regulations and in order to obtain best value.</p> <p>VAT was found to be appropriately accounted for within the accounts and financial regulations complied with.</p>	<b>Yes</b>
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<p>The Council's risk management policy was last reviewed and adopted in March 2021.</p> <ul style="list-style-type: none"> <li>• Councillors have continued to carry out independent financial checks during the year, but have been unable in many instances to physically evidence these checks.</li> <li>• Suitable arrangements are in place to protect Council assets via insurance and regular maintenance.</li> <li>• Additional measures have been taken during the course of the year to ensure the smooth running of the Council and parish activities despite Covid-19 restrictions.</li> </ul>	<b>Yes</b>

	<ul style="list-style-type: none"> <li>Financial Regulations and Standing Orders were adopted in May 2020 and April 2019 respectively.</li> </ul>	
D. The annual precept requirement resulted from an adequate budgetary process; and progress against the budget was regularly monitored by the Council; and reserves were appropriate.	<p>The Clerk/RFO presented a budget monitoring report at half year and for the purposes of budget setting at the January meeting. This is considered adequate given any significant over spends are routinely highlighted by the Clerk/RFO.</p> <p>Budget Setting 2021/22 – The Clerk/RFO presented a clear budget projection report showing last year's actuals, year to date and the forecasted year end position. Budgeted expenditure for 21/22 being £58,067. It was appreciated that 20/21 had resulted in lower expenditure than anticipated and as a result the precept was set at £53,331 with reserves making up the deficit.</p> <p>Reserves – Yearend balance £87,696 was considered reasonable given the difficulties experienced during Covid-19 and projects being delayed.</p>	<b>Yes</b>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	<p>The Clerk/RFO presents an analysis of receipts at every other monthly meeting. The following were agreed to supporting records and the ledger: Precept £53,765, Neighbourhood Fund £1,202; VAT refund £6,666.85 and Wayleave £3.</p>	<b>Yes</b>
F. Petty Cash has been properly accounted for	None held	<b>Not applicable</b>
G. Payroll – Approved salaries have been paid to employees/members and PAYE & NI requirements properly applied.	<p>All pay calculations are processed via an external payroll service. One salary payment has been checked in detail and found to be accurate and in agreement with Council decisions and National Pay Scales. Tax and NI deductions had been appropriately deducted per the Clerk's tax coding.</p> <p>The Chairperson has received an allowance of £200; (as approved by Council); the allowance covers additional expenditure incurred as a chairperson. It is recommended that bills supporting this additional expenditure are provided to the Clerk; to safe guard HMRC treating this as income or a benefit <b>or</b> that the</p>	<b>Yes</b>

	Chairperson provides confirmation that he/she will declare the additional income to HMRC as necessary.	
H. Asset Registers and investment registers were accurate and properly maintained.	The Asset Register as at 31 March 2021 values assets for AGAR purposes at £183,136, which reflects in year additions. No investment register is required.	<b>Yes</b>
I Periodic Bank Reconciliations were properly carried out.	The Clerk regularly presents financial reports and bank reconciliations to Council at monthly meetings. Due to Covid-19 several meetings were cancelled and councillors have been unable to evidence in writing the checks they have carried out. However minutes support that the reconciliations have been agreed. The yearend bank reconciliation has been agreed by the auditor.	<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.	The AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the excel ledger and bank reconciliation. Sample testing supported the accuracy of the audit trail to underlying records.	<b>Yes</b>
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in <b>2019/20</b> .	Not examined as the Council did not qualify for a Certificate of Exemption from external audit.	<b>Not Applicable</b>
L The Council with a turnover not exceeding £25,000, publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the Transparency code for small authorities.	The Council's turnover exceeds £25,000, therefore this was not examined in detail. However the Council's website was relied upon during the audit and found to be both informative and easy to navigate.	<b>Not Applicable</b>
M Council correctly provided the proper opportunity for the exercise of public rights in 19/20 in accordance with the amended Accounts and Audit Regulations 2015 as a result of Covid-19.	The appropriate Notice for the Exercise of Public Rights was found on the website. The appropriate notice was given with full details of how to contact the clerk and external auditor. This was also recorded in the July meeting minutes.	<b>Yes</b>
N The Council has complied with the publication requirements for 2019/20 AGAR.	The AGAR and associated paperwork were found on the Council's website. The AGAR was resolved as approved at the Council's July meeting. The External Audit Certificate was uploaded to the website in October.	<b>Yes</b>