

## **Ufton Nervet Parish Council**

*Internal Audit Report 2020-21*

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*Chris Hackett*

*For and on behalf of  
Auditing Solutions Ltd*

## **Background**

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2020-21 financial year, which took place on Wednesday the 12<sup>th</sup> May 2021. Due to the impact of the Covid-19 pandemic, we have undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing all necessary documentation by post to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR.

## **Internal Audit Approach**

In undertaking our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' as part of the Council's AGAR process, which requires independent assurance over a number of internal control objectives.

## **Overall Conclusion**

We have concluded that, based on the satisfactory completion of our programme of work for the year, the Council has again maintained adequate and effective internal control arrangements. We are pleased to report that there are no issues arising this year warranting formal comment or recommendation.

We have completed and signed the 'Internal Audit Report', having concluded that the control objectives set out in that Report have been achieved within the financial year to a standard adequate to meet the needs of the Council.

We take this opportunity to thank the Clerk again for the exemplary manner in which the Council's Statement of Accounts and supporting documents have been presented for review this year.

# Detailed Report

## Accounting Records and Bank Reconciliations

The Clerk maintains the Council's financial records using a spreadsheet-based cashbook, which we consider appropriate for purpose containing, as it does, relevant analysis to assist in the production of a detailed Statement of Accounts at the financial year-end and a basis for the routine monitoring of actual income and expenditure against the approved budget.

- We have agreed the balance brought forward from 2019/20;
- In order to verify the accuracy of the year-end detail disclosed in the AGAR, we have checked and agreed detail of all transactions in the cashbook to the bank statements for the year;
- Confirmed the Certificate of Exemption from External Audit was completed and signed; and
- We are pleased to note that members continue to be provided with bank reconciliations during the year and we have checked and agreed the position as at 31<sup>st</sup> March 2021 to the relevant Lloyds Bank's Treasurers Account statement.

### *Conclusions*

*We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.*

## Review of Corporate Governance

Our objective is to ensure that the Council has a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are reasonably able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. Consequently we:

- Note that the Council has Standing Orders and Financial Regulations, based on the NALC model and that these were reviewed during the financial year of audit;
- Have examined the Council's minutes for the year to ensure that no issues exist or are developing that may have an adverse effect on the Council's financial stability either currently or in the foreseeable future, also that, as far as we may reasonably expect to ascertain, no potentially unlawful actions or spending appear to have occurred: no such issues were identified;
- Confirmed the Council advertised its accounts in 2020 by posting the notice of public rights on the website;
- Complied with the requirements of the Transparency Code; and
- Acknowledge the formal feedback to our Governance questionnaire and consider the responses to be more than adequate with evidence of effective governance control by members.

### ***Conclusions***

***We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.***

## **Review of Payments**

Our aim here is to ensure that:

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount; and
- VAT has been appropriately identified for periodic recovery.

Due to the relatively low number of annual transactions, we have examined all payments in the year to ensure compliance with the above criteria. We note the Clerk has completed a VAT reclaim for 2020-21.

We further note the controls in place over the processing of payments are set down in the Corporate Governance Questionnaire.

### ***Conclusions***

***We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.***

## **Assessment and Management of Risk**

We note that insurance cover is provided by Royal Sun Alliance PLC. We have examined the 2020-21 policy schedule which covers the period to the 31<sup>st</sup> May 2021 and consider that an appropriate level of cover exists for the Council's current needs with Public Liability and Employer's Liability both set at £10 million and Fidelity Guarantee insurance set at £25,000.

We further noted that ROSPA carried out an inspection of the play area and the Council policy for regular inspections to be carried out by Councillors continues. Further that a risk assessment was completed when the play area re-opened.

Finally, in this area we checked and verified that a formal Risk assessment had been undertaken in this financial year, noting that the Council has undertaken a Risk Assessment which it adopted at its meeting in March 2021.

### ***Conclusion***

*We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.*

## **Budgetary Control and Reserves**

We note that members have considered the budgetary and precept requirements for 2021-22 formally adopting the latter at £3,200: detail was properly recorded in the minutes of the 28<sup>th</sup> January 2021 meeting of the Full Council. A budget setting report was prepared. This showed costs line by line and projected bank balances. We note the Council continues to review its level of reserves as recorded in the minutes.

We note that reserves stood at £6,667 on 31<sup>st</sup> March 2021. These include CIL monies of £4,642 (following the payment of £2,000 to SUN school for improving the outdoor area) leaving a general balance of £2,025. Spending in 2020/21, other than CIL, was £4,329, the general balance approximates to some 5 months spending. We further note that explanations for the variation in expenditure and income between 2019/20 and the year of audit have been provided.

### ***Conclusion***

*There are no matters arising from our review in this area.*

## **Review of Income**

The Council has limited sources of income, basically just the Precept and grants none of which require additional internal audit examination, other than agreement to bank statements and supporting documentation, which has been undertaken. Specifically, we have agreed the receipt of grant money to a remittance advice and we have agreed the precept to the amount recorded in the minutes and to the list of 2020/21 precepts published by the Government.

### ***Conclusions***

*We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.*

## **Petty Cash Account**

*The Council does not operate a petty cash account.*

## **Salaries and Wages**

Our aim here is to ensure that the Clerk is paid in accordance with the terms of their appointment and that, where appropriate, Income Tax and National Insurance deductions have been correctly deducted and paid over to HMRC accordingly.

We have agreed the quarterly payments to the Clerk to her contract, confirmed they are normally minuted and reviewed them to prior year for consistency. We also confirmed a P60 had been produced.

### *Conclusions*

*We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.*

## **Asset Registers**

The Accounts and Audit Regulations 1996 (as amended periodically) require that all Councils establish and maintain inventories/asset registers of buildings, land, plant and equipment, etc. owned by them.

We note that the value of the Council's assets has been recorded in the draft AGAR and that they are correctly disclosed at cost. We have agreed the AGAR to the asset register.

### *Conclusions*

*We are pleased to record that there are no issues warranting formal comment or recommendation arising from this area of our review.*

## **Investments and Loans**

*The Council currently holds no investments, nor does it have any loans in existence either repayable by or to it.*

## **Statement of Accounts and Annual Governance & Accountability Return**

The Council's annual Statements of Accounts have, as in previous years, been prepared from spreadsheet-based cashbooks. We have checked and agreed, by reference to the closing Trial Balance and other relevant documents, the content of the Statement of Accounts and the supporting notes, detail of which is transferred to Section 2 of the AGAR.

### *Conclusions*

*We have duly signed off the Internal Audit Certificate in the year's AGAR providing a copy for the Clerk's necessary further action. We also take this opportunity to remind the Clerk of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.*