

INTERNAL AUDIT REPORT – 2021/2022

COXHOE PARISH COUNCIL

1. Background

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,0000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. The AGAR is made of 3 sections along with an annual internal audit report. which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion of the Parish Council's internal controls
- 1.3. CDALC have provided Councils with a checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined.

- 3.1 The Scope of Work covers the key control tests identified in the Internal audit section of the A.G.A.R.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:
 - Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
 - Exercise of Public Rights
- 3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with her.

4. Findings

4.1. Payroll

- 4.1.1 During the year the Council employs various members of staff including a Parish Clerk who is the Responsible Finance Officer (RFO).
- 4.1.2. The completion of the payroll is outsourced to an accountancy firm which gives good separation of duties and Internal Control for the Council.
- 4.1.3. The Accountancy firm prepares the monthly payroll reports/payslips, as well as the HMRC information for the Clerk to pay the employees by BACS with all payments approved by the Council on the monthly financial report. These were confirmed as correct.

4.2. Creditors

- 4.2.1. There is some separation of duties regarding Finance and Administration at Coxhoe Parish Council with the Clerk the Officer responsible. Compensating checks are carried out by Members agreeing the payments for approval sheet, each month and the Chair and another Member signing any cheques and authorises the Direct to Bank (Bank Payment) and Direct Debit payments with the approval list indicating the method of payment.

Credit card payments commenced during the year where a credit card authorization form is completed by the card holder and authorized by the Clerk. The form records all usage of the credit card. All payments are recorded on the monthly payments for approval sheet.

- 4.2.2. The payments of approval sheet include a reference number which is identified on the invoice. The file of invoices was checked to the sheet and found to be correct.
- 4.2.3 The Council uses RBS financial systems to record all finance information, and all payments were recorded on this
- 4.2.4 Bank Payment and Direct Debits are the main method of payments
- 4.2.5. Any donations (Section 137) paid had been agreed by the Council prior to the payment being made and properly recorded.

4.3. Governance/Risk Management

- 4.3.1. Due to the Pandemic a protocol has been agreed and put in place to enable the Council to run smooth. During this time the Clerk keeps the Chair and Vice Chair up to date matters of the Council. This continued into 2021/22.
- 4.3.2. A Risk Register which included financial risks and insurance were reviewed, updated and agreed by the Council on 3rd March 2021, and updated when required throughout the year. Further review is to be carried out in April 2022.
The Risk to the Parish Council has also been improved with the appointment of an independent Internal Auditor who gives assurance on the Council's internal controls. The Clerk has adequate insurance levels in place, which are reviewed annually.
- 4.3.3. Financial Regulations, Standing Orders and Governance arrangements for the Council are reviewed at the Council's AGM and these were reviewed and agreed on 19th May 2021 Annual meeting for continued relevance for the year 2021/22 and are updated when required.
- 4.3.4. Throughout the year the Council agrees various policies which are reported to Full Council.
- 4.3.5. An effectiveness of internal control report is completed every year and was approved on the 23rd June 2021 which included a review of internal audit.
- 4.3.6 The notice of appointment of date for the exercise of Public Rights for the accounts for the year ending 31st March 2021 was dated 24th June 2021, the dates for examination of the accounts being 25th June to 5th August 2021 and was placed on the Council's website.

4.4. Income collection and Banking arrangements

- 4.4.1. Financial Regulations of the Council state that all sums due to the Council shall be the Responsibility of the Finance Officer (Clerk).
- 4.4.2. The Council uses receipt books for taking cash and cheque payments at the Parish office which are paid into the Councils bank account. During the Pandemic it was arranged for payments where possible to be received directly into bank and a receipt made out.
- 4.4.3. I examined all the income records for the year to reports from the finance system and to the

receipts, paying in book and bank statements and confirmed that all income has been promptly banked and properly recorded.

- 4.4.4. I confirmed the bank balances at the end of the year to the bank statements as at 31st March 2022.
- 4.4.5. Vat claims are to be completed every quarter during the year and paid into the Council's bank account. All claims between April to December (3 quarters) had been submitted and the amounts received in the bank account and the Council is awaiting payment for the 4th quarter (January to March 2022).
- 4.4.6. Bank reconciliations are carried out every month and reported in the Finance Report by the Clerk at Council, which are confirmed by the Chair.

Accounting Records

- 4.5.1. The Council uses the Rialtus (RBS) financial system, which is used by most Parish and Town Councils to record all finance information and produce financial reports.
- 4.5.2. At the end of the financial year a working detail report is produced for the system and after reconciliation by the Clerk the figures completed the Statement of Accounts in the Annual Return.

4.6. Security/Assets

- 4.6.1. There is an Inventory held of all assets, which was completed each year as a supporting statement for approved in the annual accounts.

4.7. Debtors

- 4.7.1. Invoices are sent out if required with debtors usually paying by cash or cheque.
- 4.7.2. Allotment rents can be received by BACS or by cash and cheque at the Parish Office after they have been notified that they are due.

4.8. Budgetary Control

- 4.8.1. The initial budget and precept is discussed initially at the Events, Environment and Finance Committee around November (29th November 2021) and recommended to and approved by Full Council in January (10th January 2022) The annual budget was prepared to support the precept.
- 4.8.2. Budgetary control is carried out by the Environment and Finance Committee and reported to Full Council.
- 4.8.3. A 5 year forward budget to help with forward planning was resolved at the 7th March 2022 Council meeting, with a reserves policy updated at the 1st November 2021 Council meeting.

5. Conclusions/Recommendations

- 5.1. The Internal Controls within the Parish Council are satisfactory for the size of the Council.



Gordon Fletcher (C.M.I.I.A.)
Internal Auditor to the Council
Date: 27th April 2022