
Tatenhill & Rangemore Parish Council

Internal Audit Report 2020-21

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Background and Scope

The Accounts and Audit Arrangements introduced from 1st April 2001 require all Town and Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council has complied with the requirements in terms of independence from the Council decision making process for the past four years having previously appointed Auditing Solutions Ltd to provide its internal audit service.

This report sets out the work undertaken in relation to the 2020-21 financial year. Due to the impact of the Covid-19 pandemic, we have undertaken our final review for the year remotely: we wish to thank the Clerk in assisting the process, providing all necessary additional (to that examined at our interim visit) documentation in electronic format to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have, obviously in the circumstances, reduced the volume of transactions examined, whilst still ensuring governance and financial controls remain effective.

Objectives

Our prime objective is to provide the Council and local electors with an appropriate level of assurance as to the soundness of the systems of internal financial control, as well as identifying areas where scope exists for improvements in those controls or working practices, which may also result in the more effective and efficient use of resources.

Internal Audit Approach

We have, as previously, employed a combination of selective sampling techniques (where appropriate) and 100% detailed checks on all relevant key areas in order to gain sufficient assurance that the Council's financial and regulatory systems and controls continue to be appropriate and fit for the purposes intended.

Our working papers file and report for the year will again be available, on request, for review by the Council's external auditors, should they wish to obtain further assurances on the adequacy of the systems examined and detailed in this report.

Overall Conclusion

We have concluded that, on the basis of the programme of work we have undertaken, the Council has maintained adequate and effective internal control arrangements during the year.

We ask that members consider the content of this report and acknowledge that the report has been reviewed by Council.

We have completed and signed the 'Annual Internal Audit Report' in the year's Annual Governance and Accountability Return, having concluded that, in all significant respects, the control objectives set out in that report were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Detailed Report

Accounting Records & Bank Reconciliations

Our objective is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers.

A single receipts and payments cashbook is maintained, with individual transaction detail set out in spreadsheet format, combining both the Current and Deposit bank accounts held at Lloyds TSB. We consider this to be more than acceptable given the low volume of transactions. We have:

- Checked and agreed the opening balances for 2020-21 to the closing Financial Statements and certified Annual Return detail for 2019-20;
- Checked and agreed all cashbook entries to the relevant bank statements for the year;
- Ensured that an appropriate columnar analysis is in use to facilitate the preparation of the detailed Statement of Accounts and data for inclusion in the Annual Return; and
- Checked and agreed the closing bank reconciliations as at 31st March 2021, with no long standing, uncleared effects or any other abnormal entries arising.

Conclusions

No issues have been identified in this area of our review.

Review of Corporate Governance

Our objective is to ensure that the Council has a robust series of corporate governance documentation in place, that Council meetings are conducted in accordance with the adopted Standing Orders and that no actions of a potentially unlawful nature have been or are being considered for implementation. Consequently, we have: -

- Noted that updated and Standing Orders and Financial Regulations were reviewed and adopted by members at the Full Council in October 2020;
- Examined the minutes of all Council meetings for the year to ensure that no issues affecting the Council's financial stability exist, also that the Council is not considering any decisions that may result in ultra vires expenditure being incurred.

Conclusions

No issues arise in this area warranting comment or recommendation.

Review of Payments

Our aim here is to ensure that: -

- 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, where no other form of invoice is available;

- All payments are approved by members and recorded in the minutes of the relevant Council meetings
- Relevant Standing Orders and Financial Regulations have been met in relation to formal tendering processes;
- The correct expenditure analysis has been applied to payments when processed; and
- VAT has been appropriately identified for periodic recovery.

Conclusions

We are pleased to acknowledge that no issues have been identified with all payments complying with the above criteria.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition.

- The members have properly identified and recorded all the Business Risks to which it considers it may be exposed and approved the Risk assessment for 2020-21 at its February 2021 meeting; and
- We have examined the Council's current insurance policy, with Axa, to ensure that appropriate cover is in place noting that both Employer's and Public Liability set at £10 million and Fidelity Guarantee and £150k which is considered appropriate for the Council.

Conclusions

No issues have been identified in this area warranting formal comment or recommendation.

Budgetary Control & Reserves

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on the District Council, that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans. To meet this objective, we:

- Note that the Full Council finalised its budget deliberations for 2021-22, draft estimates having been considered with formal approval of the Precept and its adoption at the Council meeting held in January 2021 with a precept to £28,500.

- The Clerk has continued to report the Council's financial position periodically during the year utilising the spreadsheet cashbooks: we consider this is appropriate given the current level of activity; and

Conclusions

No issues arise to warrant formal comment or recommendation.

Review of Income

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure the identification of all income due to the Council from its various sources, to ensure that income is invoiced in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies due to the Council

To meet this objective, given the low volumes of transactions in this area, we have, as indicated previously, checked and agreed all receipts by reference to the cashbook and relevant bank statements, noting that, apart from the Precept, income generally arises from very limited bank interest, the recovery of VAT incurred and occasional grants and donations received during the year.

Conclusions

No issues arise in this area of our review work.

Petty Cash

The Council does not operate a petty cash account.

Salaries and Wages

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the requirements of HM Revenue and Customs (HMRC) in the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme.

To meet that objective, we have examined the payroll procedures in place and the physical payments made to the Clerk in 2019-20 by reference to the cashbooks and relevant bank statements, together with the Clerk's supporting papers identifying the basis of a sample of the monthly payment calculations.

Conclusions

We are pleased to record that no issues have been identified in this area.

Fixed Asset Registers

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We have checked and agreed the principles used in the detail, as recorded in the Asset Register, noting that it has been prepared using purchase cost values or where that value is unknown at the previous year's Return level or uplifted or decreased to reflect the acquisition or disposal of assets.

Conclusion

We are pleased to note that the Clerk has prepared an appropriately detailed asset register for 2020-21.

Investments and Loans

The Council holds no specific investments, nor are any loans either repayable by, or to it in existence.

Annual Governance and Accountability Return

The 1996 Accounts and Audit Regulations required that all Councils prepare a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

We have examined the Council's procedures in relation to the preparation of the year-end detailed Annual Governance and Accountability Return data, also reviewing the arrangements for the identification of year-end debtors and creditors with no issues arising.

Conclusions

No issues have arisen in this review area and, on the basis of work undertaken during the year, we have duly signed off the Internal Audit Report of the Annual Governance and Accountability Return, assigning positive assurances in each relevant area.