

Internal Audit Report for Whittingham Parish Council – Year Ended March 2022

Opening Statements

The audit has been carried out in accordance with the agreed Terms of Reference. The audit concentrated on the adequacy of internal controls as outlined in the Financial Regulations, but did not exclude conducting detailed checks of the books of account and this included the following:

1. Annual Precept
2. Bank Reconciliations
3. Expenditure documentation (invoices) with a 100% check being undertaken
4. Income analysis and supporting documentation
5. Budget documentation
6. Fixed Asset Schedules

The opinion formed during the internal audit is based on the documents provided and consultations with Julie Buttle, Clerk to the Council.

Causes for Concern

None.

Points to Note

The following points should be noted for future years to ensure full compliance with the Financial Regulations:

1. Quarterly Budget Reports should be signed at relevant council meetings (Financial Regulations paragraphs 4.8).
2. It is not possible for the Internal Auditor to verify that electronic payments are made in accordance with the Council's Financial Regulations. If not already in place the Council should adopt an online "dual authorization" process for all electronic payments.

Good Practices

See list on page 2 of this report.

Summary

The books of account and supporting documentation are maintained to a high standard and provide an excellent audit trail through to the final accounts and associated schedules including:

1. Income and Expenditure Account
2. Cash Flow Budget
3. Monitor of actual performance to budgeted precept
4. Asset Register



Ian Edwards

13th May 2022

Good Practices

The following points were noted:

1. Annual Precept for the financial year 2021/22 of £21530 was prepared in detail and approved at a council meeting held on the 11th January 2021 (Financial Regulations paragraphs 3.3 – Council Minutes item 20/88).

2. Annual Accounts and End of Year Budget Review to 31st March 2021 were circulated and approved at a council meeting held on the 12th April 2021 (Financial Regulations paragraph 2.3 – Council Minutes item 21/18).
3. Internal Auditor's Report for the year ending 31st March 2021 was approved at a council meeting held on the 4th May 2021 (Financial Regulations paragraphs 2.6 and 2.10 – Council Minutes item 21/16).
4. Council minutes on the 4th May 2021 stated that last year's Annual Audit Return and Certificate had been seen by the Parish Councillors and that they had been approved and accepted (Financial Regulations paragraph 2.3 – Council Minutes item 21/17).
5. In respect of the financial year 2020-2021 the authority correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations as evidenced by the notice published on the council's website (Council Minutes item 21/18).
6. Council Minutes on the 9th September 2021 confirmed receipt of the external auditor's report and noted his comments (Financial Regulations 2.10 – Council Minutes item 21/59).
7. Annual VAT return for the financial year 2020/21 was completed, submitted and refund payment of £3107.59 was received on the 11th May 2021. Annual VAT return for the financial year 2021/22 in the amount of £1312.02 was completed and submitted on the 28th April 2022 (Financial Regulations paragraph 9.8).
8. Monthly bank reconciliations are completed by the RFO. They were then approved and signed at the relevant council meetings (Financial Regulations 2.2).
9. Quarterly budget reports are completed by the RFO. They were then reviewed and agreed at council meetings on the 8th July 2021, 14th October 2021, 13th January 2022 and 14th April 2021 (Financial Regulations 4.8 – Council Minutes items 21/45, 21/78, 21/109 and 21/156 respectively). Also see point 1 above under "Points to Note".
10. Monthly Schedules of Payments requiring authorisation have been prepared and where authorised a minute has been included in the minutes of that month's council meeting (Financial Regulations 5.2).
11. Cheque stubs are initialled by the cheque signatories (Financial Regulations 6.5 and 5.4). Cheques are rarely used having been replaced by online payments which should be authorised by 2 Authorised Signatories (Financial Regulations Section 6). Also see point 2 above under "Points to Note".
12. Income is collected in a timely manner and deposited with the Council's bankers (Financial Regulations 9.5).
13. The level of reserves is not considered excessive being CIL monies. The CIL Finance Report for 2021/22 was reviewed and approved at a council meeting on the 14th April 2022 – Council Minutes 21/162).
14. The clerk's contract and salary were reviewed and approved at a council meeting held on the 10th March 2022 (Financial Regulations paragraphs 4.4, 7.1 and 7.3– Council Minutes item 21/144).
15. Fixed Asset Register was approved at a council meeting held on the 10th March 2022 (Financial Regulations 12.6 – Council Minutes 21/148). Aviva Insurance policy (P/N LCO01472) is in place for Public Liability, Employers' Liability and asset insurance (Financial Regulations paragraph 15.1).
16. Standing Orders were reviewed. They were then approved at a council meeting held on the 13th July 2020 (Council Minutes item 2020/28).
17. Financial Regulations were reviewed. They were then approved at a council meeting held on the 8th February 2021 (Financial Regulations paragraph 18.1 - Council Minutes item 20/99).
18. Financial regulations (sections 10 11 and 12) show that a tender process has been documented.
19. Banking Arrangements were reviewed and approved at council meetings on the 10th June 2021 and 13th January 2022. (Financial Regulations 5.1 – Council Minutes items 21/28, 21/29 and 21/110 respectively).
20. Risk Management Strategy and Register was approved at a council meeting held on the 10th March 2022 (Financial Regulations paragraphs 17.1 and 17.2 – Council Minutes item 21/148).
21. Appointment of the Internal Auditor was approved at a council meeting held on the 10th March 2022 (Financial Regulations paragraph 2.5 – Council Minutes item 21/148).
22. Terms of Reference for the Internal Auditor were approved at a council meeting held on the 10th March 2022 (Financial Regulations paragraph 2.4 – Council Minutes item 21/148).
23. Annual Precept for the financial year 2022/23 of £21961 was prepared in detail and approved at a council meeting held on the 13th January 2022 (Financial Regulations paragraphs 3.3 – Council Minutes item 21/113).