

Hinxton Parish Council

Internal Audit Report 2021-22

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*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 systems 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 2021-22 financial year.

Internal Audit Approach

In undertaking our review for the year, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. We have again employed a combination of selective sampling techniques (where appropriate) and 100% detailed checks in the required key areas to gain sufficient assurance that the Council's financial and regulatory systems and controls are appropriate and fit for the purposes intended.

Our programme is also designed to facilitate our completion of the 'Internal Audit Report' in the Council's AGAR process which requires independent assurance over several internal control objectives.

Overall Conclusion

We have concluded that, based on the programme of work undertaken, the Council has maintained adequate and effective internal control arrangements during the year. Consequently, we have completed and signed the 'Internal Audit Report' as part of the year's AGAR process having concluded that, in all significant respects, the internal control objectives set out in that report were achieved throughout the financial year to a standard adequate to meet the needs of the Council.

We have completed and signed the 'Annual Internal Audit Report' in the 2021-22 AGAR assigning positive assurances in each relevant area.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objective in this area has been to ensure that accounting records are being maintained accurately and on a timely basis, and that no anomalous entries appear in the cashbook.

The accounting records have formally been maintained using an Excel spreadsheet, although following Council's approval, detail has now been input to the newly acquired Scribe accounting software. The Council operates both a current and two savings bank accounts with Lloyds Bank PLC.

To ensure the appropriateness and accuracy of the recording of transactions, we have:

- Confirmed the accurate carry-forward of prior year closing balances 2021-22.
- Ensured that an appropriate coding structure is in place within the Scribe software.
- Checked the current account bank statements to the list of transactions provided for the whole of the financial year.
- Verified the combined bank reconciliation detail as of 31st March 2022 within Scribe; and
- Ensured the accurate disclosure of the combined balances in the year-end Accounts.

Conclusion

We are pleased to report that no matters have arisen in this area of our review process warranting formal comment or recommendation; we have ensured the accuracy of the year-end balances reported in the detailed Statement of Accounts and AGAR.

Review of Corporate Governance

Our objective is to confirm that the Council has a robust regulatory framework in place; that Council 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 have reviewed the minutes of meetings held during 2021-22 the principal aim being to consider whether any issues exist that may have an adverse effect on the Council's financial stability in the short, medium, or longer term, also that there is no indication that the Council may either be considering or have taken decisions that might result in ultra vires expenditure being incurred.

It was noted that Standing Orders and Financial Regulations were reviewed and re-adopted at the May 2021 meeting (minute ref 2105/009).

We thank the Chairman for completing our "Corporate Governance Questionnaire", which has provided us with further assurance as to the soundness of the Council's overall governance arrangements.

Conclusions

We are pleased to record that no issues arise in this area this year warranting formal comment or recommendation.

Review of Payments

We reviewed the procedures in place for receiving invoices, checking their authenticity, accurate detail recording, processing by the Clerk and formal approval for payment by members. Our aim here was to ensure that:

- Payments have been made in accordance with the Council's approved procedures and budget for the financial year.
- Payments are supported by a trade invoice or acknowledgement of receipt.
- VAT has been calculated correctly and is recovered at appropriate intervals.
- Payments have been correctly analysed in the cashbook and year-end Statement of Accounts prepared for members.

To ensure compliance with the above criteria, we have examined a sample of the payments processed in the financial year, to the transaction reports provided.

Conclusions

We are pleased to record that no issues arise in this area this year warranting formal comment or recommendation.

Assessment and Management of Risk

Our objective is to confirm that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and operational/health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition. We have noted that:

- An appropriate Risk Register is in place, which we are pleased to acknowledge was reviewed by the Council at the March 2021 meeting.
- Annual RoSPA reviews of the playground equipment are being undertaken with appropriate remedial action approved by the Council; and
- The Council's insurance cover is provided by Ecclesiastical through Came & Co. In our view, the current level of cover in place, with Public and Employers Liability both in place at £10 million and Fidelity Guarantee cover of £150,000, is appropriate to the size of the Council.

Conclusion

No issues arise in this area this year warranting formal comment or recommendation.

Budgetary Control and Reserves

Our objective is to confirm that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and the level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also consider whether the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

We note that, following due consideration, the Council formally approved and adopted a precept for 2022-23 of £15,795 at the full Council meeting held on 8th November 2021 (minute ref 2111/08).

We are pleased to note that members routinely receive an update on bank balances, income received, and details of payments made in the month or due to be approved.

- At the year-end, the total balances and reserves stood at the increased value of £45,893. We also note that reserves for the village hall extension have been put into a separate bank account.

Conclusions

We are pleased to record that no issues have been identified in this area requiring formal comment or recommendation.

Review of Income

In 2021-22, the only income received by the Council, other than the annual precept, was allotment income, a S106 grant, a small amount of bank interest and recoverable VAT. We have checked and agreed in full the cashbook transactions to bank statements for the financial year.

Conclusion

We are pleased to record that no issues have been identified in this area requiring formal comment or recommendation.

Petty Cash Account/Clerk's Expenses

The Council does not operate a petty cash account. Any out-of-pocket expenses incurred by the Clerk in connection with her work for the Council being claimed through expenses.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the

requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax (PAYE) and National Insurance Contributions (NIC).

The Clerk is the only employee, payroll service to the Council is provided by Yorkshire Tax Bureau, who make the necessary returns to HMRC using the RTI software and provide details to the Council regarding the payments to be made to the Clerk and HMRC

Conclusion

We are pleased to record that no issues have been identified in this area requiring formal comment or recommendation.

Asset Registers

The Governance and Accountability Manual requires all councils to develop and maintain a register of assets identifying detail of all land, buildings, vehicles, furniture, and equipment owned by the Council.

We are pleased to note that the Council has prepared a detailed asset register using the Scribe software.

Conclusions

We are pleased to report that there are no significant issues arising in this area of our review process warranting formal comment or recommendation. We have ensured the appropriate recording of these assets in the AGAR.

Investments and Loans

The Council has no loans repayable either to or by it, nor are any funds held in long-term investments.

Statement of Accounts and AGAR

The AGAR now forms the Council's statutory Accounts subject to external audit scrutiny and certification. We have reviewed and verified the accuracy of detail contained in the 2021-22 AGAR Section 2 by reference to the financial information from the Scribe accounting software.

Conclusions

We are pleased to report that apart from the review of Reserves no issues have been identified in this area of our review process warranting formal comment or recommendation and based on our review work, we have completed the Annual Internal Audit Report of the year's AGAR assigning positive assurances in each relevant area