

INTERNAL AUDIT REPORT 2021-22

UFFINGTON PARISH COUNCIL

1 INTRODUCTION

As the Council's Internal Auditor I have independently carried out an examination of areas which meet the internal control objectives as listed on the Annual Governance and Accounts Return (AGAR); best practices as outlined in the JPAG Practitioners Guide 2021 for the year ended 31st March 2022.

The audit has been carried out using a risk assessment basis approach and examines the Council's compliance with its relevant procedures and controls in operation through a review of the evidence of these controls and selected detailed sampling. The Annual Internal Audit Report on the AGAR; was then completed.

2 OVERALL

I have completed an examination of Council records made available to me and have completed the AGAR's Internal Audit Report positively with the exception of responses made to two control objectives M & N which relate to 2021 as Council did not correctly provided the proper opportunity for the exercise of public rights as the AGAR for 20/21 was not available for scrutiny by the public on the Council's website. This appears to have been an oversight as other year end documentation had been published including a Year end Statement of Accounts.

Overall the standard of administration and system of internal controls relating to the audit areas examined throughout the financial year were considered to be of a good standard and meet the needs of the Council and those recommended in The Practitioners' Guide 2021. The Council's annual receipts and payments have not breached the £25,000 limit and therefore the Council will once again be exempt from a limited assurance review by external audit. The year end balance of £32,157; of which £18,000 is described as ring fenced for community benefit was considered high and difficult to justify from available records.

Findings on pages 2-4 supports the above statements and describes the detailed audit work performed.

A sample review of Council meeting minutes confirmed that the Council was quorate when it met and that council decisions were clearly recorded. Reliance was placed on the Council's website during the audit.

I would like to thank the new Clerk for her patience in presenting such well organised records which have assisted the internal audit process. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

SD Hackett

Tel 01743 719012

SDH Accounting & Audit Services

Date: 18/4/22

E sdhaccts@icloud.com

3 INTERNAL AUDIT DETAILED FINDINGS – UFFINGTON PARISH COUNCIL 2021/22

Key Control Objective	Findings	The key control objective has been satisfactorily achieved?
A. Appropriate accounting records have been properly kept throughout the financial year.	<p>The primary accounts record examined 1-4-21 to 31-3-22; (i.e. the excel receipts and payments ledger) was found to be comprehensive, accurate and complete providing a full audit trail to documents, council minutes, and payment type.</p> <p>The opening balance was agreed to the previous year's closing bank balance and detailed testing of a sample of transactions per the accounts confirmed its accuracy. (See B, E & I.)</p>	Yes
B. Council complied with its financial regulations, payments were supported by invoices/vouchers, all expenditure was approved and VAT was appropriately accounted for.	<p>A sample of 19 payments were agreed between the Council minutes and accounting records. 13 were selected and satisfactorily traced to supporting invoices/receipts.</p> <p>VAT per the payments (input tax) was found to be appropriately accounted for within the accounts and Financial Regulations complied with.</p> <p>Evidence was sighted of quotes having been obtained for services as required by Financial Regulations.</p>	Yes
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<p>A framework of policies and procedures have been adopted by the Council in Nov 2021 to mitigate against significant risks to achieving its objectives. These include:</p> <p>Complaints Procedure; Code of Conduct; Privacy Policy; Publication Scheme; Personal Data Management & Audit Policy, Document and Record Retention Policy, Standing Orders updated Jan 2022 and Financial Regulations. (The list is not exhaustive).</p> <p>The Council's Risk Assessment Schedule was last reviewed and adopted in Nov 2021. The Council holds insurance.</p>	Yes
D. The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored by the Council; and reserves were appropriate.	<p>A detailed budget monitoring report was prepared at half year and prepared for the purposes of budget 22/23 setting. Because of the low volume of transactions this was considered satisfactory.</p> <p>Budget Setting – The Clerk/RFO presented an in year Budget Monitoring report and Draft Budget for 22/23; expected spend being in the region of £9,034. These were considered and Council resolved that the Precept remain at £10,094.</p>	Yes; however reserves were considered to be high.

	<p>Reserves – The yearend balance of £32,157; of which £18,000 is described as ring fenced for community benefit was considered high. Given the budget set it was noted that the yearend balance is 3 times greater than that of the precept.</p> <p>The expected balance as at 31/3/23 is £41,904 per the draft budget report; with no expected spend on community projects. There is a need to identify future community projects to justify reserves held.</p>	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	<p>A precept receipt of £10,094 was agreed to SC remittance and the MHCLG Precept Data base. Other income relating to the return of a salary overpayment and reimbursement of CILCA registration fees were successfully traced to bank statements and confirmed with the corresponding payments ledger transactions</p> <p>.</p>	Yes
F. Petty Cash has been properly accounted for.	The Clerk confirmed none held; therefore the objective has been met.	Yes
G. Payroll – Salaries to employees and allowances to members were paid in accordance with the authority's approvals and PAYE & NI requirements properly applied.	<p>All pay calculations are processed by an independent payroll company who provides monthly payslips and HMRC reports on which payments to employees and HMRC are based and approved by Council.</p> <p>Salary payments relating to the retiring Clerk in the first quarter are confusing as they had not been based on these reports. The current Clerk/RFO was required to carry out a reconciliation to establish the accuracy of payments and ensure HMRC liabilities had been fully met. This demonstrates good internal control. Using the yearend reports provided I am in agreement that overall payroll costs shown in the accounts are accurate.</p> <p>For the remainder of the year payments have been fully supported including that relating to a payment of arrears due to 21/22 pay rates being agreed by NJC. The current Clerk's P60 has been agreed to the accounts. No allowances have been paid to members.</p>	Yes
H. Asset and investment registers were accurate and properly maintained.	<p>The Asset Register has been updated to reflect purchases and disposals. Assets are valued as per JPAG guidance. No investment register is required.</p>	Yes
I Periodic Bank Reconciliations were properly carried out during the year	<p>Evidence was sighted in council minutes of regular bank reconciliations being reported to Council by the current Clerk/RFO; and having been checked by a councillor. Hard copy reconciliations and supporting paperwork have been signed to this effect by a councillor and the Clerk. The yearend bank reconciliation as at 31/3/2022 was re-performed by the auditor and found to be accurate.</p>	Yes

J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	The half year accounting statement prepared during the year corresponds with the cash book and has been prepared accurately on a receipts and payments basis. The 21/22 AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the cash book, fixed assets and bank reconciliation. Sample testing supported the accuracy of the audit trail to underlying records. (See B & E above.) As advised by External Audit (PKF Detailed Instructions 2021/22); two transactions should be netted within the accounts; one being a salary overpayment and the other a reimbursement of fee costs. Therefore Receipts & Payments should both be reduced by £501.71; so that neither are artificially inflated.	Yes
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in 2020/21 .	Council resolved to approve the 2020/21 Certificate of Exemption from external audit at its April 2021 meeting; as neither receipts nor payments for the year exceeded £25,000. The certificate was found on the website. (Website examined 16/04/22, 02/05/22)	N/A
L. Council publishes information on a free website/webpage up to date at the time of the internal audit, in accordance with the Transparency Code for smaller councils.	The Council's website was found to be both informative and meets transparency requirements with the exception that the AGAR for 20/21 could not be located. A Yearend Statement of Accounts for the year had however been published. (Examined 6/03/22 & 16/04/22 & 2/05/22.)	Yes
M Council correctly provided the proper opportunity for the exercise of public rights as required by Accounts & Audit Regulations.	The appropriate Notice for the Exercise of Public Rights and many financial documents including a Statement of Accounts associated with the year were found on the Council's website with the exception of the 20/21 AGAR. (Examined 6/03/22 & 16/04/22 & 2/05/22)	No; as the 20/21 AGAR could not be found on the website
N. The Council has complied with the publication requirements for the 2021 AGAR	All relevant documentation was found on the Council's website with the exception of the 20/21 AGAR. (Examined 16/3/22 & 16/4/22 & 2/5/22).	No, as above.
O. Trust funds – the Council has met its responsibilities as a trustee.	The Clerk/RFO confirmed that the Council is not a trustee of a Trust Fund/Charity.	Not Applicable.