

**PLESHEY PARISH
COUNCIL**

**INTERNAL AUDIT
REPORT
2020 / 2021**

**M Howard (F.C.P.F.A.)
Internal Auditor
June 2021**

Introduction

I have now examined the records for 2020/2021 using, as the basis of my review, the internal control objectives required by the external auditor as part of the Council exempting itself from a limited assurance review.

I would like to take this opportunity to express my appreciation to Mr. Adshead-Grant for his assistance in this difficult year, and for the straight forward and helpful way with which he presented the Council's procedures and records.

Findings

A summary of the Annual Return control objectives, together with my findings and recommendations are listed below:

A. Control Objective

Appropriate books of account have been properly kept throughout the year.

Finding

A computerised spreadsheet system has been maintained to record financial transactions for 2020/21. The system has been reconciled with the bank account at the year end. During my audit I was able to check that the transactions were consistent with those recorded by the bank. After adjustment, the system is consistent with the information included in the annual accounts prepared by the Clerk and the AGAR.

B. Control Objective

The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT appropriately accounted for

Finding

There was 1 *payment*, made during the year for which I could not find VAT appropriately accounted for. I understand this was subsequently corrected.

Under the new audit framework parish councils with an annual turnover not exceeding £25,000 will be exempt from routine external audit. In place of the audit these smaller authorities will be subject to transparency requirements laid out in the "Transparency Code". This will enable electors to access relevant information about the authority's accounts.

If the Council intend to exempt themselves again in 2021, I suggest the Council review compliance with these requirements.

- C. The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

Finding

I understood that the approval of the 2021 AGAR, the latest annual Risk Assessment Review and the Asset Register took place on the 28th April 2021 but this is not clear from the Minutes.

- D. The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**

Finding

The annual precept requirement did result from an adequate budgetary process. I have examined the budget for 2020/21.

Progress against the budget was regularly monitored during 2020/21.

- E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.**

Finding

During 2020/21 other than the precept £1,010.94 VAT was collected from HMRC and £79.28 is due for the period ended 31st March 2021 including £19.99 VAT in the payment made to Stryker UK in February 2021. A grant of £475 was also received together with £10.43 interest.

- F. Petty Cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.**

Finding

There is no petty cash.

- G. Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.**

Finding

During 2020/21 a total of £2,422.56 gross salary was paid to Will Adshead-Grant for the period 1st April 2020 to 31st March 2021 from which £594.80 was deducted for income tax.

I was also able to verify that Pensions, PAYE and NI requirements were met during 2020/21.

- H. Asset and Investment registers were complete and accurate and properly maintained.**

Finding

The 2020/21 asset register complies with the external audit requirements.

- I. Periodic and year end bank account reconciliations were properly carried out.**

Finding

The year-end bank reconciliation required by the external auditor, as part of the council's 2021 AGAR publication, is in the format requested. It is also consistent, after some adjustments, with the figures prepared for Section 2 of the AGAR.

- J. Accounting statements prepared during the year were prepared on the correct accounting basis, agree with the cash book, and were supported by an adequate audit trail from underlying records.**

Finding

The Accounting statements prepared during the year were prepared on a receipts and payments basis, they agree with the cash book, and are supported by an adequate audit trail from underlying records. There were some minor adjustments required which I understand have now been corrected.

- K. Control Objective**

If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the criteria and correctly declared itself exempt.

Finding

In 2019/20, the Council met the criteria and correctly declared itself exempt.

- L. Control Objective**

The authority publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the transparency code for smaller authorities.

Finding

The Information can be found on e-voice.org.uk/Pleshey-PARISH-COUNCIL

M. Control Objective

The authority during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations

Finding

I have a copy of the 2020 Notice of “Public Rights...” and viewed it on the current website.

N. Control Objective

The authority has complied with the publication requirements for 2019/20 AGAR.

Finding

I can confirm these requirements are being complied with on the current website other than the lack of last years internal audit report,

I would draw the Council’s attention to the publication requirements for the 2020/21 AGAR, particularly those which must be complied with by the 1st July 2021.

O. Control Objective

Trust funds. - The council has met its responsibilities as a trustee.

Finding

The council is not a sole trustee nor is it responsible for managing trust funds or assets.

Recommendations

With reference to the above findings I recommend that the Council speedily address the following points:

- **The Council's risk assessment and asset register will need to be reviewed and minuted during 2021/22 to ensure that the new audit requirements are met.**
- **The 2019/20 Internal Audit Report should be uploaded on to the web site**
- **The requirements regarding the web site are fully complied with by the 1st July 2021 and that this is recorded formally in the Councils Minutes.**

Opinion

After extensive checking of the Council's records and accounts I have found the systems to be sound. Most of the procedures and processes required by the external auditor have been strengthened during 2020/21.

M. G. Howard F.C.P.F.A

20th June 2021