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STEEPLE PARISH COUNCIL INTERNAL AUDIT REPORT for the period 2021/2022

The scope and extent of the internal audit covers the 10 basic areas specified in Steeple Parish Council's Audit and Risk Assessment Framework.

Following the Internal Audit Report for 2020-21 by Auditing Solutions Ltd which raised 8 recommendations this report paid more attention to these recommendations.

Namely

R1 Council should ensure that Cash books are a reflection of the bank statements.
This has now been rectified and the cash book reflects all the bank statements accurately.

R2 Payments to suppliers should be made based on actual invoices received
This has been rectified and an accurate process has been installed

R3 Council should carry out an independent reconciliation of relevant supplier accounts
This action has been noted and is being operated to a high standard

R4 The accuracy of the VAT reclaim submitted to HMRC be verified
A new VAT claim had been submitted to HMRC which reconciled with the Cash book. A payment of £1047.98p for the period 1st. April to 30th. November 2021 was paid into the Bank account on 25th. January 2022

R5 The accuracy of the VAT reclaim submitted to HMRC be verified
The Cash Book entries now agree with the HMRC VAT reclaim form for 1st. April to 30th. November 2021 and 1st. December 2021 to 31st. March 2022

R6 Supporting paperwork in respect of payments made should be retained on file.
A new filing system has been devised and operates to internal audit requirements

R7 Council should be provided with records of the inspections carried out by the local Community Group
The reports are compiled each month by the Community Group and presented to Councillors at each Parish Council meeting

R8 The payroll reconciliation should be verified by an independent person.

Since the resignation of the permanent Clerk in August 2021 there is a need for an independent person to verify payments. This is carried out by Councillors at each meeting.

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A Proper Bookkeeping

- Is the cash book maintained and up to date?
Receipts and payments are entered on the system once a month after approval at meeting
- Is the cash book arithmetic correct?
Computerised accounting system has been entered correctly
- Is the cash book regularly balanced?
Computerised accounting system is checked every month before and after the regular Parish Council meeting

B Financial Regulations, Standing Orders and Payment Controls

- Has the council formally adopted standing orders and financial regulations?
Yes. Standing Orders, Financial Regulations and all Steeple Parish Council policies for 2021/2022 were adopted at meeting on 10th. November 2021 (minute 135/2021-22). Financial Regs 4.1 was amended to enable the Clerk plus 2 Councillors to authorise spend up to £1000. Code of Conduct also approved at meeting on 10th. November 2021 (minute 135/2021-22).
- Has a Responsible Financial Officer been appointed with specified duties?
Yes. The Clerk is the RFO – specified in the job title and description of responsibilities.
- Have items or services above a de minimis amount been competitively purchased?
Yes
- Are payments in the cash book supported by invoices, authorised and minuted?
Invoices are validated on receipt by the Clerk and placed in the filing folder. Items for payment by BACS or cheque, together with sums paid by DD are listed on the Finance Report (including and excluding VAT) and then included in the minutes as approved. The two signatories signing a BACS or cheque both authorise payment via BACS with Unity Trust Bank. The system also records an account heading for posting, making the audit trail easier to follow.
- Has VAT on payments been identified, recorded and reclaimed?
Yes. VAT recorded in the Cash book under a separate heading.
- Is s137 expenditure separately recorded and within statutory limits?
Grants paid are separately recorded.

C Risk Management

- Does a scan of the minutes identify any unusual activity?
No. The minutes have been agreed and signed at each meeting
- Do the minutes record the Council carrying out a risk assessment?
Yes.
- Is insurance cover appropriate and adequate?
Yes. Insurance cover for Public liability, financial risks, employers liability (staff and volunteers) and damage to property.
- Are internal financial controls documented and regularly reviewed?
Councillors check bank reconciliation and budget against actual on a monthly basis at Council meeting
- Are all risks identified and actions undertaken to mitigate risks?
The comprehensive risk assessment has details of actions and controls that are in place e.g. weekly inspections of play assets and children's play area fence by a Councillor. It also records mitigating actions e.g., Annual inspection of Play park

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
Yes. A detailed thorough Budget was presented at precept meetings 10th. November 2021 and 8th. December 2021. The meetings were minuted. An excel spreadsheet was circulated to Councillors prior to meetings showing the previous year's budget. Figures were entered for 2021/2022 and totals auto adjusted to show impact on the budget and precept. A budget requirement of £10597 was presented to full council and agreed at meeting 8th. December 2021 (minute 156/2021-22).
- Is actual expenditure against the budget reported to the Council?
Yes, at every meeting and again at the precept meeting (8th. December 2021) where Councillors discussed actual spend to date plus projected spend for remaining period, against amount budgeted for year, plus budget notes. Clerk has devised a spreadsheet for comparison of actual against budget which is made available at each meeting.
- Are there any significant unexplained variances from budget?
No as all variances were verbally explained

E Income Controls

- Is income properly recorded and promptly banked?
Banked same day where practicable; Clerk lives in Colchester and can bank at Unity Trust Bank via a Freepost system.
- Does the Precept recorded in the cash book agree to the District Council's notification?
Yes. Total £8915 received on 26th. April 2021
- Are security controls over cash adequate and effective
No cash has been received during 2021/2022.

F Petty Cash Procedures

- Is all petty cash spent recorded and supported by invoices/receipts?
No petty cash has been used.
- Is petty cash expenditure reported to each council meeting?
N/A
- Is petty cash reimbursement regularly carried out?
N/A

G Payroll Controls

- Do salaries paid agree with those approved by the council?
Yes. Clerk is the only staff member employed.
- Are other payments to the Clerk reasonable and approved by the Council?
Yes. Travel expenses for attending training courses at 45p per mile. Office expenses are approved by Councillors at a Full Council meeting. Expenses claim form is completed and approved with payments (2 signatures)
- Has PAYE / NIC and pensions been properly operated by the Council as an employer?
Yes. and Clerk is paid by BACS after each meeting

H Asset Control

- Does the council keep an asset register of all material assets owned?
Yes. Meeting 10th. November 2021 (minute 135/2021-22) records approval. It has columns for item & location, book cost (and date purchased), insured value and 'audit & condition'.
- Is the register regularly updated?
Register is updated prior to the insurance renewal and at the year end (March). Councillors carry out a monthly and annual audit to assess the condition of the assets. Condition of play equipment reported to clerk monthly by a Councillor.
- Do asset insurance valuations agree with those in the asset register?
Insured value of assets agrees to the asset register at the time of the insurance renewal. New play equipment has been added to policy

I Bank Reconciliation

- Is there a bank reconciliation for each account?
Yes. There were 5 accounts but have been reduced to 1. All were reconciled for each Parish Council meeting
- Is the bank reconciliation carried out regularly on receipt of statements?
Yes. Every month as soon as the statement arrives.
- Are there any unexplained balancing entries in any reconciliation?
No. All accounts reconcile exactly

J Year End Procedures

- Are year end accounts prepared on the correct accounting basis (R & P / I & E)?
Yes. R & P basis
- Do accounts agree with the cash book and working papers?
Yes. All cross check
- Is there an audit trail from underlying financial records to the accounts?
Yes. Agree back to supporting paperwork. The trail is excellent with the finance report supplied to Councillors at each meeting
- Where appropriate, have debtors and creditors been properly recorded?
Not required for R&P. Credit control – Invoices to be paid are kept in a separate folder until expenditure is approved by Council. They are entered onto a Monthly finance sheet which summarises the payments for approval at the next meeting. Invoices issued by Steeple Parish Council are kept in a separate folder. The date amount received and logged onto the accounting system is noted on the invoice. Outstanding amounts are chased.

K Trust Funds

No Trust funds have been set up by Steeple Parish Council

I must congratulate the Parish Clerk on producing an excellent and well-presented set of accounts and records. This made the Internal Audit for 2021/22 an easy-to-follow process.

Signed 

Name Michael Lawson

Date 7th. April 2022