

Annual Internal Audit Report 2022/23

THE DUNTONBOURNES PARISH COUNCIL

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During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		✓	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		✓	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ NO PETTY CASH
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.			✓ SEE NOTES
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")	✓		
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.		✓	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).		✓	

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓ NO TRUST FUNDS

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed)

Date(s) internal audit undertaken

21/06/2023 20/07/23 - 25/07/2023

Name of person who carried out the internal audit

KAREN THORNTON

Signature of person who carried out the internal audit

K Thornton

Date

26/07/2023

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Clarification of what is covered in this audit:

The Audit is an internal one. It is intended to assist the Council in ensuring adequate internal control arrangements in the year. It is also asked to look at the formal publication requirements within the year. As a result, the 2022/3 checklist looks at financial reports for 22/23, budget setting for 23/24, and legal document publication for 21/22.

Important Note: whilst this is the internal audit to allow completion of the 2022/23 AGAR form it was not carried out at a time which would have been appropriate to help support the council with its internal control responsibilities or enable proper completion of the Governance Statement.

The council should have been in receipt of this audit prior to signing their accounts and the Annual Governance statement. However, the statement and accounts were signed on 24th May 2023 and auditor approached on 25th May 2023. Going forward, if internal audit feedback is to continue being annually only, this must be done prior to signing of the accounts.

Items marked other than yes:

C. Assessing significant Risks:

I have been told that there were discussions surrounding risks for the authority. There is, however, insufficient documentary evidence of these discussions or the conclusions they came to. With the passage of time and/or personnel changes, a continued lack of documentation will hamper the Council's ability to apply consistency in its planning.

D. Precept setting:

I have found no documentary evidence of the council's reason for the 10% increase in precept for the 23/4 financial year. Figures presented to the council included significant additions to reserves (already boosted to an adequate level in 22/3) but with very limited detail on their intended use. The total projected spend, including these additions to reserves, still amounted to less than the 22/3 precept. There therefore appears to be no justification for any increase at all in 23/4, let alone one as high as 10%

By the end of the current financial year reserves for this small council, which has committed spend annually of less than £4,000, will be around £12,000. Without a formal and comprehensive plan for their usage I believe this to be excessive.

H. Asset Register:

The council has limited assets. The clerk informed me that these consist of just the bank account and notice boards. Even so, there should be an asset register included with the yearend accounts, particularly given that the council plans maintenance on the Notice Boards. Given that the Council is also establishing a reserve for the Defibrillator maintenance/replacement, consideration should be given to its inclusion on the register also.

L and N. Published information:

The Council has not published evidence of an internal audit since June 2020. Minutes of May 2022 and 2023 both state that the internal auditor is me. 25th May 2023 was the first time I was asked to conduct an internal audit and as such I would like the May 2022 minutes formally corrected please.

The absence of an internal audit report for 2021/2 prevents the end of year publications in May 2022 from being complete (please also see the footnote to these notes on the internal audit for 23/4). Question 6 on section 1 of the Annual Governance Statement specifically asks whether the Council "...maintained throughout the year an adequate and effective system of internal audit..."; in both 21/22 and 22/23 the council's response clearly should have been 'no', but it ticked yes. Question 5 in this same report also makes specific reference to documentation, which I have noted above as lacking.

Note for 23/4 Audit:

Due to an information error at the outset; the lack of time for the auditor, and availability of the Clerk, the July 1st deadline for the 2023 publications has not been fully achieved. This is not relevant to this audit but already means that next year's audit will also have a "no" for publication compliance.

It should be noted that I do not consider that any of the issues raised require significant changes to resolve them. The purpose of this report is to identify areas where improvement is needed, and I feel certain that this council can deliver those simple changes quickly. I hope that these notes help in that respect.