

## **Crudwell Parish Council**

*Internal Audit Report 2021-22*

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*Chris Hackett*

*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 system of internal control. The results of our work and a summary of the Council's accounts is 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. We wish to thank the Clerk for enabling the process, providing all necessary documentation in electronic format to facilitate completion of our review.

## **Internal Audit Approach**

In undertaking the review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' which is part of the AGAR process and requires independent assurance over specified internal control objectives.

## **Overall Conclusion**

We have concluded that, based on the satisfactory completion of our annual programme of work, the Council has maintained satisfactory and effective internal control arrangements.

We have completed and signed the 'Internal Audit Report' in the year's AGAR assigning positive assurance against the specified control areas.

We request this report is presented to Members and the Council confirms to us when it has met the 2021/22 publication requirements posting the accounts and AGAR detail on its website in line with the AGAR guidance and the Transparency Code.

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

The Clerk has maintained the year's accounting records in spreadsheet format, detail of which has been used to feed into the year-end financial report at Section 2 of the AGAR. Given their low volume, we have verified detail of all transactions for the year, as recorded in the cashbook to the Lloyds' current and deposit bank account statements, also verifying the accuracy of the brought forward balances as at 1<sup>st</sup> April 2021 to the prior year' closing balances.

We have checked and verified the year-end bank reconciliations, (31<sup>st</sup> March 2022). We agreed with the Clerk the figures for disclosure in the AGAR at Section 2, Box 8.

### *Conclusion*

*We are pleased to report that no issues have been identified in this area this year warranting formal comment or recommendation.*

## Review of Corporate Governance

We have examined the Council minutes for the financial year as posted on the website at the time of our review, to determine, as far as we are reasonably able to ascertain, whether or not any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability, also that the Council has not undertaken nor is planning to undertake any work or decisions that may result in ultra vires spending. We are pleased to record that no such issues appear to exist at present or to be developing.

We thank the Chairperson for completing our Governance Questionnaire, which serves to further clarify the Council's operative controls and afford us with further confirmation of their general soundness.

We note the Council reviewed and adopted its Standing Orders in September 2018 basing these on the NALC model. We note the Financial Regulations were reviewed in March 2022.

We note the Council is posting detail of its finances on its website.

It is a requirement for the internal auditor to check the prior year accounts were advertised and the exemption certificate from external audit review was completed, we have confirmed this was done.

### *Conclusion*

*The Council considers governance issues, there are no matters arising from our review in this area. We note a draft notice has been placed on the website advertising the accounts, the dates recorded on this will need amending so they follow on from the date of approval of the accounts.*

## **Review of Expenditure and VAT**

Our objective in this area is to ensure that the Council has appropriate arrangements in place to monitor and control the incurring of expenditure and for the approval and authorisation of payment release. We have reviewed the procedures in place and consider them sound affording a good level of assurance of Members' involvement in the approval of expenditure.

We have reviewed a sample of payments made during the year to ensure that they were supported by a suitable invoice. Our sample comprised 17 payments and totalled £11,500 by value, representing some 61% of non-pay expenditure in the year of £18,962. All payments in our sample were supported by invoices.

We reviewed further the cash book, checking on a sample basis, to confirm payments were recorded in the minutes. We further noted that VAT was recorded and reclaimed periodically.

### ***Conclusion***

***Based on our work the Council's payments are approved and supported by suitable documentation.***

## **Assessment and Management of Risk**

The Governance and Accountability Manual requires all councils to consider, develop and adopt formally at least once annually a suitably designed financial risk assessment register. We note that Crudwell has one covering financial and management risks. The response to our Corporate Governance Questionnaire confirms this was reviewed by the Council in March 2022 and consideration during the year is documented in the Council minutes.

We note that the Council's insurance cover is provided by Zurich with public liability cover at £12m, employers liability at £10m and Fidelity Guarantee cover at £50,000.

We note that the play area is subject to independent safety inspections.

### ***Conclusion***

***The Council has arrangements for managing risks.***

## **Budgetary Control and Reserves**

We note the Council regularly reviews the budget in year.

The Council agreed the 2022/23 budget and precept at its meeting in December 2021. Members considered key issues and reserves. The Precept was set at £15,731.50. To support

the process the Clerk prepared an excel working paper projecting the year-end position, then prepared a schedule of expenditure for 2022/23 along with projections on the council tax. We have reviewed the year-end income and expenditure making comparisons to the prior year.

Overall reserves at 31<sup>st</sup> March 2022 were £25,029 (£24,749 as at 31<sup>st</sup> March 2021). Spending in the year was £18,962.

### ***Conclusion***

***No issues arise in this area warranting formal comment or recommendation***

## **Review of Income**

The Council receives, in addition to the annual precept, income from bank interest, grants and donations, allotment rents and recoverable VAT. We have:

- Agreed the precept for 2021/22 of £15,757 to the amount set and recorded in the Council's minutes and to the amount recorded on the list of precepts published by the Government detailing all demands for the year by English councils;
- Agreed the receipt of interest for the year to the bank statements;
- Reviewed the allotment register;
- Agreed the receipt from Malmesbury League of Friends for £1,184 to pay for the defibrillator to the supporting remittance advice; and
- As previously noted we reviewed the VAT reclaims done during the year.

### ***Conclusion***

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

## **Petty Cash Account**

***We are required to confirm in the AGAR the Council's control over petty cash as appropriate.***

***We note the Council's policy not to maintain any form of cash float. Any out-of-pocket expenses incurred are reclaimed and paid accordingly in line with normal trader payment procedures.***

## **Salaries and Wages**

We note the Council continues to use a payroll bureau to process pay and that it employed one Clerk during the year. We have confirmed that payroll costs are recorded separately in the cash book and compared costs year on year for reasonableness. We have test checked approval of salary costs to the minutes as posted on the Council website. We agreed the Clerk's paypoint, as recorded in the minutes, to a sample of payslips and confirmed a P60 was prepared at the year-end.

### *Conclusions*

*No matters arise from this area of our review.*

## **Asset Registers**

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We are pleased to acknowledge the existence of an appropriate register. We test checked additions during the year from the cash book payments to the asset register confirming consistency and agreed the year-end balance to box 9 of section 2 of the AGAR.

### *Conclusions*

*There are no issues arising from this area of our review this year.*

## **Investments and Loans**

*The Council has no funds in investments, other than the Lloyds deposit account on which a small amount of interest is received monthly. This was tested as part of the bank reconciliation work reported above. No loans are in existence.*

## **Statement of Accounts and AGAR**

Data for inclusion in the 2021-22 AGAR has been based on the cashbook and asset register detail. We have discussed with the Clerk the amounts to include in the AGAR which needed some minor adjustments to the draft AGAR to include the office allowance in line 6, general expenditure rather than line 4 staff costs as required by the guidance and also two small adjustments for unpresented cheques.

### *Conclusions*

*No additional issues have arisen in this area this year requiring formal comment or recommendation and we have duly signed-off the Internal Audit Report in the AGAR providing a copy for the Clerk's necessary further action. We also take this opportunity to remind the Clerk of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication*

*of the Notice of Public Rights to examine the Council's documentation for the financial year.*