

# INTERNAL AUDIT REPORT 2020-21

## DIDDLEBURY PARISH COUNCIL 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); and best practices as outlined in the Practitioners Guide 2020 for the year ended 31<sup>st</sup> March 2021.

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 Internal Audit Report on the AGAR; was then completed as per conclusions drawn from these findings.

### 2 OVERALL

---

I have completed an examination of Council records made available to me and have completed the Internal Audit Report on page 4 positively. **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 2020. Neither receipts of payments have exceeded £25,000 therefore the Council will once again be eligible to complete an Exemption from External Audit Certificate.**

The table of findings on page 2-3 supports the above statement.

A sample review of Council meeting minutes revealed that a number of meetings had to be cancelled due to Covid; however the Council was quorate when it met virtually and continued to fully meet its responsibilities with council decisions being clearly recorded. Reliance was placed on the Council's website during the audit; it was found to be both informative and met transparency requirements.

I would like to thank the Clerk for 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 Gonsal House Condover Shrewsbury SY5 7EX

Date: 2/5/2021

### 3 INTERNAL AUDIT DETAILED FINDINGS – DIDDLEBURY PARISH COUNCIL 2020/21

Key Control Objective	Findings	The key control objective has been satisfactorily achieved?
A. Appropriate accounting records have been properly kept throughout the financial year.	The primary accounts record examined 1-4-20 to 31-3-21; (i.e. the hard copy Cash Book) was found to be comprehensive, accurate and complete providing a full audit trail to documents; bank statements and minutes.	<b>Yes</b>
B. Council complied with its financial regulations, payments were supported by invoices/vouchers, all expenditure was approved and VAT was appropriately accounted for.	A sample of 12 payments were agreed between the accounts and Council minutes. They were satisfactorily traced to supporting invoices/receipts. Each payment bore evidence of having been checked by a councillor. VAT was found to be appropriately accounted for within the accounts and financial regulations complied with.	<b>Yes</b>
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Council's risk management policy was last reviewed and adopted in April 2021. It is evident that additional measures have been taken as a result of Covid to ensure the smooth running of the Council..	<b>Yes</b>
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.	The Clerk/RFO regularly presents financial progress report at Council meetings; which is deemed adequate given the low volume of transactions incurred. Budget Setting 2021/22 – The Clerk/RFO presented a detailed Draft Budget and report at the Council's November meeting which was subsequently updated. The revised budget was made reference to and included a donation towards purchase of Westhope Village Hall freehold (£2,000) and identified the power used to support the donation. Council resolved that a Precept of £8,666 be made at its Jan 2021 meeting. Reserves – The yearend balance of £11,441 was considered appropriate given the Council's ring fenced reserves and projected budgeted expenditure.	<b>Yes</b>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	A precept receipt of £6,952 and Neighbourhood Fund receipt of £2,743 was agreed to a supporting SC remittances. A VAT refund receipt of £665 and HSBC compensation payment of £100 were also satisfactorily traced and supported.	<b>Yes</b>

F. Petty Cash has been properly accounted for.	None held	<b>Yes;</b> as not applicable
G. Payroll – Salaries to employees and allowances to members were paid in accordance with the authority’s approvals and PAYE & NI requirements properly applied.	All pay calculations are processed independently by external payroll and are supported by the Clerk’s contract and approved by Council. 12 monthly salary payments were made during the year; one was checked in detail and found to be accurate. Totals per the ledger were agreed to the employee’s P60. No allowances have been paid to members.	<b>Yes</b>
H. Asset and investment registers were accurate and properly maintained.	The Asset Register as at 31/3/2020 has not required updating as there has been no in year asset acquisitions or disposals. No investment register is required.	<b>Yes</b>
I Periodic Bank Reconciliations were properly carried out during the year	Evidence was sighted in minutes of monthly bank reconciliations having been carried out and presented to Council. Corresponding bank statements have been evidenced as checked and approved by a Councillor (i.e. signed and dated). The yearend bank reconciliation was re-performed by the auditor and found to be correct.	<b>Yes</b>
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 AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the cash book and bank reconciliation. Sample testing supports the accuracy of the audit trail to underlying records.	<b>Yes</b>
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in <b>2019/20</b> .	Council resolved to approve the 2019/20 Certificate of Exemption from external audit in June 2020; this was retrospectively approved at its July 2020 meeting. Meetings due to be held in May and June were cancelled due to Covid. Neither receipts nor payments for the year 2019/20 exceeded £25,000.	<b>Yes</b>
L. Council publishes information on a 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 informative and meets Transparency requirements.	<b>Yes</b>
M Council correctly provided the proper opportunity for the exercise of public rights in accordance with the amended Accounts and Audit Regulations 2015.	The appropriate Notice for the Exercise of Public Rights was found on the Council’s website and issued on 12/6/20. The notice included full details of how to contact the clerk and external auditor and was compliant with the 30 working day rule.	<b>Yes</b>
N. The Council has complied with the publication requirements for the 2019/20 AGAR.	Relevant documentation was found on the Council’s website at the time of the audit.	<b>Yes</b>

