
Risinghurst & Sandhills Parish Council

Internal Audit Report 2020-21

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For Auditing Solutions Ltd

Background

All town and parish councils are required by statute to make arrangements for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Return. Auditing Solutions Ltd has been appointed to Risinghurst & Sandhills Parish Council in 2020.

This report sets out the work undertaken in relation to the 2020-21 financial year, Due to the impact of the Covid-19 pandemic, we have undertaken our review for the year remotely: we wish to thank the Clerk in assisting the process, providing all necessary documentation in electronic format to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have, obviously in the circumstances, reduced the volume of transactions examined, whilst still ensuring governance and financial controls remain effective.

Internal Audit Approach

In undertaking our review for this year, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts/Annual Return. We have employed a combination of selective sampling techniques (where appropriate) and detailed checks in a number of key areas in order to gain sufficient assurance that the Council's financial and regulatory systems and controls are appropriate and fit for the purposes intended.

Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems are 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 'Annual Internal Audit Report' in the Council's Annual Return, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

We have concluded that, on the basis of the programme of work we have undertaken, the Council has maintained adequate and effective internal control arrangements in most areas during the year. We ask that members consider the content of this report and acknowledge that the report has been reviewed by Council.

We have completed and signed the 'Annual Internal Audit Report' in the year's Annual Governance and Accountability Return, having concluded that, in most areas, the control objectives set out in that report were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. To that end, we have: -

- Checked and agreed the opening Trial Balance for 2020-21 to the closing Financial Statements for 2019-20 to ensure that all the detailed balances have been accurately rolled forward;
- Ensured that the coding structure is appropriate for purpose and provides appropriate detail to assist in the preparation of the Council's year-end Annual Return;
- Checked and agreed transactions in the Council's Unity Bank Current and Deposit account cashbooks to the relevant bank statements for April 2020 and March 2021;
- Checked and agreed sample transactions, comprising inter account transfers and other sundry receipts and payments on the Unity Trust bank account cashbooks to the relevant bank statements; and
- Checked detail on the bank reconciliations and nominal ledgers for the Current & Deposit accounts as at April 2020 and March 2021 to ensure that no long-standing uncleared cheques or other anomalous entries exist.

Conclusions

No issues arise in this area of our review.

Review of Corporate Governance

We note that the Council has Standing Orders and Financial Regulations which have been reviewed in 2020 in line with the NALC model guidelines.

We have completed our examination of the Council minutes for the financial year to determine whether or not any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability.

Conclusions

No issues arise in this area of our review.

Review of Payments

All payments made during the course of the financial year have been examined to ensure that the following criteria were met: -

- Payments were supported by a trade invoice or acknowledgement of receipt;
- VAT has been calculated correctly and is recovered at appropriate intervals;

- Members have met their fiduciary responsibilities and formally approved each payment:
- Payments have been correctly analysed in preparation of the year-end Statement of accounts

Conclusions

We have reviewed the payments process and note that the records are accurate and well maintained with appropriate invoices retained on a month on month basis.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition.

We note that members have properly identified and recorded all the Financial Management Risks to which it considers the Council may be exposed, approving the Risk Assessment for 20-21 financial year.

Axa provides the Council with insurance cover. Examination of the policy's content indicates that appropriate levels of cover exist in each area, including Employer's (£10 million) & Public Liability (£10 million) and Fidelity Guarantee (£250,000).

Conclusions

No issues arise in this area of our review.

Budgetary Control and Precept

Documentation provided by the Council provides confirmation that the precept has been discussed in December 2020, with an approved and formally adopted value for 2021-22 of £56,400.

The existing practice of reporting receipts and payments, plus available bank balances to the Council is considered adequate.

Conclusions

No issues arise in this area of our review.

Review of Income

The Council only receives limited sources of income, primarily the annual precept, together with allotment rental from the Allotments Association and some playing field fees, bank deposit account interest and occasional grants. We have checked and agreed a sample of

cashbook transactions and the nominal ledgers relating to the playing fields to bank statements and other available supporting documentation. We have:-

- Noted that VAT is to be charged on the football pitch fees, where there are no block bookings;- and
- Also noted that contracts have been completed in respect of the sports facilities

Conclusions

No issues arise in this area of our review.

Petty Cash Account

The Council does not operate a petty cash account. The clerk and staff claim sundry out-of-pocket expenses with the monthly salary. This is supported by an analysis of the costs, by type, together with invoices/till receipts.

Salaries and Wages

We have seen from our audit that the Council has prepared a new contract of employment for the Clerk. We have checked and agreed the payments made to the clerk and support staff.

We note that the Council outsource the salary calculations with the payments to the staff members being made internally together with a formal PAYE scheme with tax deducted and paid directly to HMRC by the Council.

Conclusions

No issues arise in this area of our review.

Fixed Asset Registers

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We have checked the principles used in the detail, as recorded in the Council's Asset Register, noting that the current register has been prepared using purchase or cost values.

Conclusions

No issues arise in this area of our review.

Investments and Loans

The Council neither has any funds held in investments, nor does it have any loans payable by, or to, itself.

Annual Governance and Accountability Return

The Accounts and Audit Regulations required that all Councils prepare a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

We have examined the Council's procedures in relation to the preparation of the year-end detailed Annual Governance and Accountability Return data and there are no issues regarding the accounts or governance.

Conclusions

No issues have arisen in this review area and, on the basis of work undertaken during the year, we have duly signed off the Internal Audit Report of the Annual Governance and Accountability Return, assigning positive assurances in each relevant area.