

INTERNAL AUDIT REPORT 2020-21

DAWLEY HAMLETS 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 & 2021 for the year ended 31st 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 through a review of these controls and by selected sampling. The internal audit report within 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 to date and have completed the AGAR's Internal Audit report 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 high standard and meet the needs of the Council and those recommended in The Practitioners' Guides.** Once again the Council will be subject to a limited assurance review by External Audit as total receipts exceed £25,000.

The table of findings on page 2-4 supports the above statement.

A sample review of Council meeting minutes confirmed that the Council was quorate when it met virtually and that council decisions were clearly recorded. Reliance was placed on the Council's website during the audit and it was found to be both informative and met transparency requirements.

I would like to thank the Clerk for her patience in scanning in and presenting various records which have assisted the desk based internal audit process. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

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Date: 14/5/2021

3 INTERNAL AUDIT DETAILED FINDINGS – DAWLEY HAMLETS 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 excel ledger) was found to be comprehensive, accurate and complete providing a full audit trail. The spreadsheet is linked to other financial sheets providing a comprehensive suite of accounting information e.gs. Budget Monitoring and Outturn Reports.	Yes
B. Council complied with its financial regulations, payments were supported by invoices/vouchers, and all expenditure was approved and VAT was appropriately accounted for.	A sample of 15 payments were agreed between the accounts and Council minutes. They were satisfactorily traced to supporting invoices/receipts. VAT was found to be appropriately accounted for within the accounts and financial regulations complied with.	Yes
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<p>The Council's risk management policy was last reviewed and adopted in June 2020.</p> <ul style="list-style-type: none"> • Councillors have continued to carry out independent financial checks during the year. • Suitable arrangements are in place to protect Council assets via insurance and regular maintenance • Additional measures have been taken during the course of the year to ensure the smooth running of the Council and parish activities despite Covid restrictions. • Financial Regulations and Standing Orders were revisited and adopted in June 2020. 	Yes
D. The annual precept requirement resulted from an adequate budgetary process; and progress against the budget was regularly monitored by the Council; and reserves were appropriate.	<p>The Clerk/RFO regularly presents a budget monitoring report at Council meetings.</p> <p>Budget Setting 2021/22 – The Clerk/RFO presented a Budget Projection and Use of Reserves report at the Council's October meeting. These had been formulated by the Annual Planning & Budget Setting Working Group</p>	Yes

	<p>who met earlier in the month. Council resolved that the Budget and Precept be set at £77,500.</p> <p>Reserves – Yearend balance £154,465 contains ear marked reserves totaling £56,902 and a General Reserve of £97,563.</p>	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	Precept receipts of £77,500 were agreed to supporting remittances and the decision taken by Council. A VAT refund receipt of £1,564 and rebate of £176 were also agreed to supporting documents.	Yes
F. Petty Cash has been properly accounted for	None held	Yes; as not applicable
G. Payroll – Approved salaries have been paid to employees/members and PAYE & NI requirements properly applied.	<p>All pay calculations are processed via HMRC’s software (RTI). One salary payment has been checked in detail and found to be accurate and in agreement with Council decisions and National Pay Scales. Tax, NI and pension deductions had been appropriately deducted per the Clerk’s tax coding and Pension Fund requirements. The Year End Pension Fund Return was agreed to the ledger.</p> <p>Home office allowance costs have been approved by Council but have not been routinely processed via RTI on a monthly basis. The Clerk confirmed that a P11D is to be completed in respect of the benefit elements of the home office allowance and mileage.</p> <p>No allowances have been paid directly to members.</p>	Yes
H. Asset Registers and investment registers were accurate and properly maintained.	<p>The Asset Register as at 31 March 2021 values assets for AGAR purposes at £25,335, which reflects in year additions and disposals.</p> <p>No investment register is required.</p>	Yes
I Periodic Bank Reconciliations were properly carried out.	<p>The Clerk regularly presents financial reports and bank reconciliations to Council. These monthly bank reconciliations are evidenced as independently checked by a councillor, normally the Chairman at each meeting. It would improve control if this internal control check is rotated amongst councillors and where possible include a councillor with no signatory rights.</p> <p>Yearend bank reconciliation been agreed by the auditor.</p>	Yes

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 excel ledger and bank reconciliation. Sample testing supported the accuracy of the audit trail to underlying records.	Yes
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in 2019/20 .	Not examined as the Council did not qualify for a Certificate of Exemption from external audit.	Not Applicable
L The Council with a turnover not exceeding £25,000, publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the Transparency code for small authorities.	The Council's turnover exceeds £25,000, therefore this was not examined in detail. However the Council's website was relied upon during the audit and found to be both informative and easy to navigate.	Not Applicable
M Council correctly provided the proper opportunity for the exercise of public rights in 19/20 in accordance with the amended Accounts and Audit Regulations 2015 as a result of Covid 19.	The appropriate Notice for the Exercise of Public Rights was found on the website. The appropriate notice was given with full details of how to contact the clerk and external auditor. This was also recorded in the June meeting minutes.	Yes
N The Council has complied with the publication requirements for 2019/20 AGAR.	The AGAR and associated paperwork were found on the Council's website. The AGAR was resolved as approved at the Council's June meeting.	Yes

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