

# INTERNAL AUDIT REPORT 2021-22

## DAWLEY HAMLETS PARISH COUNCIL

### 1 INTRODUCTION

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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 JPAG Practitioners' Guide 2021 for the year ended 31<sup>st</sup> March 2022.

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

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**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 best practices recommended in The Practitioners' Guides.**

Once again the Council will be subject to a limited assurance review by External Audit as total receipts and total payments 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 and that council decisions were clearly recorded. Reliance was placed on the Council's website during the audit which 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 or members have any queries with this report please do not hesitate to get in touch.

Regards,

*S D Hackett*

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Date: 7/5/2022

### 3 INTERNAL AUDIT DETAILED FINDINGS – DAWLEY HAMLETS PARISH COUNCIL 2021/22

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 1-4-21 to 31-3-22; (i.e. the excel ledger) was found to be accurate and complete providing a full audit trail to source documentation, bank statements and minutes. The spreadsheet is linked to other financial sheets providing a comprehensive suite of accounting information e.gs. Budget Monitoring and Outturn Reports.	<b>Yes</b>
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 8 payments per Council minutes were checked to the payments ledger and a further 8 agreed between the accounts and Council minutes. 8 of these were then satisfactorily traced to supporting invoices/receipts. VAT was found to be appropriately accounted for within the accounts and financial regulations complied with as quotes were sought for a number of services provided.	<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 May 2021 and is due to be reviewed in May 2022. Financial Regulations and Standing Orders were revisited and adopted in May 2021 and are to be reviewed and readopted in May 2022. <ul style="list-style-type: none"> <li>• Councillors have continued to carry out independent financial checks during the year.</li> <li>• Suitable arrangements are in place to protect Council assets via insurance and regular maintenance.</li> <li>• Strategic planning is in evidence whereby long term Council objectives/plans are monitored and reviewed.</li> </ul>	<b>Yes</b>
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.	The Clerk/RFO regularly presents a budget monitoring report at Council meetings.  Budget Setting 2022/23 – The Clerk/RFO presented a clear Budget Projection and Use of Reserves report at the Council's Nov 2021 meeting. Council resolved that the Budget and Precept be set at £77,500.  Reserves – Yearend balance £147,668 contains ear marked reserves totaling £60,302 and a General Reserve of £87,366 which represents approximately 12 months spend. This is in keeping with the previous year and the Council's strategic objectives/plans.	<b>Yes</b>

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 represents the bulk of the remaining funds.	<b>Yes</b>
F. Petty Cash has been properly accounted for	None held; as confirmed by the Clerk/RFO and accounts.	<b>Yes; as none held.</b>
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). The Jan salary payments have 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.</p> <p>The March salary payments were examined and found to be reasonable given that arrears were due for the year as revised NJ pay scales were issued in early March 2022.</p> <p>Home office allowance costs have been paid as approved by Council they are not processed via RTI. 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; however expenses totaling £182.62 have been coded to Chairperson's expenses. This is appropriate given the nature of the expense and that a £250 Chairman's allowance has been approved by Council.</p>	<b>Yes</b>
H. Asset Registers and investment registers were accurate and properly maintained.	The Asset Register as at 31 March 2022 values assets for AGAR purposes at £24,179, which reflects in year additions and disposals. No investment register is required.	<b>Yes</b>
I Periodic Bank Reconciliations were properly carried out.	The Clerk regularly presents financial reports and bank reconciliations to Council. These monthly bank reconciliations and the corresponding bank statement are evidenced as independently checked by a councillor. The Yearend bank reconciliation has been agreed by the auditor.	<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.	<p>In year accounting statements are accurately prepared on a receipts and payments basis and agreed to the excel ledger and bank reconciliation.</p> <p>The AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the excel ledger and bank reconciliation.</p> <p>Sample testing supported the accuracy of the audit trail to underlying records.</p>	<b>Yes</b>

K The Council appropriately certified itself as exempt from a limited assurance review by external audit in <b>2020/21</b> .	Not examined as the Council did not qualify for a Certificate of Exemption from external audit.	<b>Not covered</b>
L Council publishes information on a free website/webpage up to date at the time of the internal audit, in accordance with Transparency Code requirements.	The Council's website was relied upon during the audit and found to be both informative, up to date and easy to navigate. Transparency requirements had been met. (Examined 6/4/22, 6/5/22.)	<b>Yes</b>
M Council correctly provided the proper opportunity for the exercise of public rights in accordance with Accounts and Audit Regulations.	The appropriate Notice for the Exercise of Public Rights was found on the website; issued 16/6/21; notice period 18/6- 29/7/21. Full details of elector's rights, how to contact the clerk and external auditor were published. The Notice was also recorded in the June meeting minutes. (Examined 6/4/22, 6/5/22.)	<b>Yes</b>
N. The Council has complied with the publication requirements for the <b>20/21</b> AGAR	The 20/21 AGAR and associated paperwork were found on the Council's website. The AGAR was resolved as approved at the Council's June 21 meeting. The External Audit certificate and Conclusion of Audit were published on 15/9/21. The findings noted by external audit were reported at the Council's September meeting. (Examined 6/4/22, 6/5/22.)	<b>Yes</b>
O. Trust funds – the Council has met its responsibilities as a trustee.	The Clerk/RFO confirmed that the Council is not the sole trustee of such a fund.	<b>Not Applicable.</b>