

INTERNAL AUDIT REPORT 2022-23

DAWLEY HAMLETS PARISH COUNCIL

1 INTRODUCTION

Dear Councillors,

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's Annual Internal Audit Report (AGAR AIAR) and best practices as outlined in the JPAG Practitioners' Guide 2022 for the year ended 31st March 2023.

The audit has been carried out remotely 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 AIAR was then completed as per conclusions drawn from these findings.

2 OVERALL

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 as recommended in The Practitioners' Guide. This is reflected in the AIAR which has been completed positively.

Once again the Council will be subject to a limited assurance review by External Audit as total receipts and total payments each 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. The website was found to be both informative and up to date meeting legal requirements.

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

Regards,

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Date: 28/4/2023

3 INTERNAL AUDIT DETAILED FINDINGS – DAWLEY HAMLETS PARISH COUNCIL 2022/23

Key Control Objective	Findings	The key control objective has been satisfactorily achieved?
A. Appropriate accounting records have been properly kept throughout the financial year.	<p>The primary accounts record examined 1-4-22 to 31-3-23; (i.e. the excel ledger) was found to be accurate and complete providing a full audit trail to source documentation, bank statements and minutes. Sample transaction testing supports the accuracy of the accounts (see B & D).</p> <p>The spreadsheet is linked to other financial sheets providing a comprehensive suite of accounting information e.gs. Budget Monitoring and Outturn Reports.</p>	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.	<p>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.</p> <p>VAT was found to be appropriately accounted for within the accounts and financial regulations complied with.</p>	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 at the Council's May 2022 meeting. Financial Regulations and Standing Orders were also reviewed and readopted in May 2022.</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. The war memorial is a typical example. • The Council's Strategic Plan was updated and adopted at the Council's June 2022 meeting along with projects and ear marked reserves to ensure best use of resources to meet long term aims. 	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 issues a monthly financial monitoring report prior to Council meetings; which is discussed at each meeting and signed as adopted by the Chair. The report includes Schemes and projects.</p> <p>Evidence provided supported that where budget costs are exceeded or expected to exceed; this is highlighted by the Clerk/RFO and the Council responds. (Eg. The Gardening Scheme.)</p>	Yes

	<p>Budget Setting 2023/24 – The Clerk/RFO presented a clear Budget Projection and Use of Reserves report at the Council’s Oct 2022 meeting, following work carried out at an earlier Working Group meeting. Council resolved that the Budget and Precept be set at £77,500; the Strategic Plan and Allocation of Reserves was up dated to reflect the budget.</p> <p>Reserves – Yearend balance £165,534 contains ear marked reserves totaling £69,971 and a General Reserve of £95,563 which represents approximately 15 months spend.</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. An annual VAT refund of £2,013 refund and bank interest of £1,205 represents the bulk of the remaining funds.	Yes
F. Petty Cash has been properly accounted for	None held; as confirmed by the Clerk/RFO and accounts.	Yes; as none held.
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). Two salary payments for period 2 and 8 have been checked in detail and found to be accurate and in agreement with Council decisions and National Pay Scales.</p> <p>Tax, NI and pension deductions had been appropriately deducted per the Clerk’s tax coding and Pension Fund requirements.</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 £108.34 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>	Yes
H. Asset Registers and investment registers were accurate and properly maintained.	The Asset Register as at 31 March 2023 values assets for AGAR purposes at £24,662, which reflects in year additions of a waste bin. No investment register is required.	Yes
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 ie. Initialled as checked by the Chair.	Yes

	As per best practices it would be prudent if the check was carried out by a councillor who has no financial responsibilities and is deemed as independent. The Yearend bank reconciliation has been agreed by the auditor.	
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.	In year accounting statements are accurately prepared on a receipts and payments basis and agreed to the excel ledger and bank reconciliation. 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 2021/22 .	Not examined as the Council did not qualify for a Certificate of Exemption from external audit.	Not covered
L Council publishes information on a website/webpage up to date at the time of the internal audit, in accordance with legal 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 31/1/23, 14/9/22.)	Yes
M During 2022 Council correctly provided the proper opportunity for the exercise of public rights relating to the 21/22 AGAR in accordance with Accounts and Audit Regulations.	The appropriate Notice for the Exercise of Public Rights was found on the website; issued 9/6/22; notice period 13/6- 22/7/22. Full details of elector's rights, how to contact the Clerk and external auditor were also published. The AGAR was also present, accompanied by relevant supporting paperwork. (Examined 14/9/22, 31/1/23.)	Yes
N. The Council has complied with the publication requirements for the 21/22 AGAR	The 21/22 AGAR and associated paperwork were found on the Council's website. The AGAR was resolved as approved at the Council's June 22 meeting. The External Audit certificate and Conclusion of Audit were published on 1/9/22. The findings noted by external audit were reported at the Council's September meeting. (Examined 31/1/23.)	Yes
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.	Not Applicable.