

Annual Internal Audit Report 2022/23

Somercotes Parish Council

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		✓	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		✓	
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).		✓	
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

28/04/2023

Name of person who carried out the internal audit

KAREN HOWE

Signature of person who carried out the internal audit

KHowe

Date

28/04/2023

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Somercotes Parish Council

Independent Internal Auditors Report for 31st March 2023

Introduction

I have carried out an internal audit of the Council's records in accordance with the Council's requirements and under the guidelines of Governance and Accountability for Local Councils.

This work has been carried out on a sample basis so as to provide an assessment of compliance with the relevant policy and controls that are expected to be in operation during the 2022/2023 financial year. The audit has covered the work carried out by the Clerk/Responsible finance officer to the Council in the execution of their duties ensuring that all relevant regulations have been met and the Council's resolutions have been carried out in a proper and timely manner.

Audit

The following areas were subject to inspection.

Observance of Financial Regulations
Observance of Standing Orders
Operation and Reconciliation of Bank Accounts
Cash Book Receipts and Payments
Invoices received
Value Added Tax Refunded
Preparation of Receipts and Payments Account
Preparation and Approval of Budget and Precept
Council Minutes, Resolutions and Authorised Payments
Fixed Assets
Risk Assessment
Adequacy of Insurance Cover
Payroll Records and Clerks Expenses
Precept requirement and Budget
Evidence that the exercise of public rights carried out
Adequacy of Council Reserves
Annual Return this year
Annual Return last year with Internal Auditors Report

Outcome

My inspection of the Council's records for the year ended 31st March 2023 found the following areas requiring a 'No' response;

(B) Financial Regulations have not been complied with,

- Bank statements (for all accounts) had not been produced by the RFO for member signature as stated in section 2, Accounting and audit (internal and external) point 2.2.
- Any credit card will be specifically restricted to use by the Clerk & RFO as stated in section 6, Instructions for making of payments point 6.20.

(F) Petty cash records were not effectively managed as stated in section 6, Instructions for making of payments point 6.21.

(N) Notice of conclusion of audit for the year ended 31 March 2022 was not published on the website. The notice had been forwarded to the website provider for inclusion, however, Section 3 – External Auditor’s report and certificate had been uploaded in error (under the heading of Notice of Conclusion of audit). Evidence of the notice was sighted in the AGAR file.

(K) has a ‘not covered’ response as is not applicable to this Council.

This concludes the internal audit of Somercotes Parish Council.

Mrs Karen Howe
Parish Internal Auditor