

INTERNAL AUDIT REPORT – 2021/2022

OUSTON PARISH COUNCIL

1. Background

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,0000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. The AGAR is made of 3 sections along with an annual internal audit report, which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion of the Parish Council's internal controls
- 1.3. CDALC have provided Councils with a checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.
- 1.4. One of the sections within the annual return is to be completed by the Council's independent internal auditor, who is to give an opinion of the Council's internal controls.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Internal Audit work and the areas examined.

- 3.1. The Scope of Work covers the key controls identified in the annual return.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by the Internal Auditor:
 - Payroll
 - Creditors
 - Risk Management/Governance arrangements
 - Income collection and Banking arrangements
 - Petty cash
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
 - Exercise of Public Rights
- 3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with him, who commenced as Clerk in July 2021.

4. Findings

4.1. Payroll

- 4.1.1. The Parish Council has 2 paid employees, the Clerk and a litter picker.
- 4.1.2. I examined the payroll amounts for the financial year 2021/2022 and all payments had been correctly made. I understand that checking by Councilors' is carried out during the payment of the accounts every month.

4.2. Creditors

- 4.2.1. There is no separation of duties regarding payment of accounts as Finance and Administration at Ouston Parish Council is carried out by the Clerk as the Officer responsible. Compensating checks are carried out by two Members, who sign vouchers attached to the documents to confirm payment.
- 4.2.2. Payments are made by cheque which require signatures by two members and the Clerk. All payments are recorded on a monthly schedule which is approved at Council meetings and recorded in the minutes.
- 4.2.3. On examining the file of payments, it was found that all payments had been properly authorized, correctly paid and recorded in the accounts.
- 4.2.4. Any Section 137 payments are agreed by Council prior to payment being made.

4.3. Risk Management/Governance Arrangements

- 4.3.1. There is a risk assessment on the Council's activities, which was reviewed and updated at the 27th May 2021.
- 4.3.2. Risks to the Parish Council have improved with the appointment of the independent Internal Auditor who gives assurance on the Council's activities.
- 4.3.3. Exercise of Public Rights was announced on 30th June 2021 and covered the period 1st July to 11th August 2021 and was placed on the website.

4.4. Income collection and Banking arrangements

- 4.4.1. Income is received from the precept, vat claim and allotments rents.
- 4.4.2. I examined the allotment spreadsheet showing the list of all allotment holders and details of payment with receipt number and found that all income had been received and promptly banked.
- 4.4.2. Vat is recorded on the monthly payment sheets and on the expenditure summary sheet showing all payments to be claimed for the year and is to be paid into the Council's bank account. Income for 2020/21 was paid into the bank account on 10th September 2021.
- 4.4.3. There is a current and deposit bank account held for Ouston Parish Council, which reconciled at the end of the year to the Income and Expenditure records.

4.5. Accounting Records

- 4.5.1. The Council records all expenditure on a monthly spreadsheet which is summarized on a yearly expenditure summary sheet under the different budget headings. This also shows when cheques are presented. Bank reconciliations are carried out monthly and reported to Council.

4.6. Security/Assets

- 4.6.1. There is an inventory held of all assets, which will be approved with the statement of accounts.

4.7. Debtors

- 4.7.1. There are no accounts raised for debts, as debtors either pay by cash or a cheque is received for the allotment rents.

4.8. Budgetary Control

- 4.8.1. The budget for the year 2021/2022 and the setting of the precept was discussed by the Members at a meeting of the Parish Council and was agreed on 20th January 2022.
- 4.8.2. Budgetary control for 2021/22 was carried out quarterly during the year.

5. Conclusions/Recommendations

- 5.1. The Internal Controls within the Parish Council are satisfactory with bank reconciliations now carried out, which was a recommendation last year.

G. Fletcher

**Gordon Fletcher (C.M.I.I.A.)
Internal Auditor to the Council
Date: 8th May 2022**