

# **CROXDALE and HETT PARISH COUNCIL**

## **INTERNAL AUDIT REPORT**

### **2020/2021 Annual Return**

#### **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 £25,000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. Where the higher of gross income or gross expenditure was £25,000 or less, a council can certify themselves as exempt from a limited assurance review, and complete part 2 of the AGAR. The AGAR for part 2 is made of 2 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. Croxdale and Hett Parish Council has completed the certificate of exemption and part 2 of the AGAR, and this was approved by Council on 28<sup>th</sup> April 2021.
- 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.

#### **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, during the year.

#### **3. Scope of the Work and the areas of Audit Work examined.**

- 3.1. The Scope of Work covers the ten key control tests identified in page 4 of the annual return.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit for the financial year 2020/2021.
  - Payroll
  - Creditors (including any petty cash)
  - Risk Management
  - Income collection and Banking arrangements
  - 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 Parish Clerk and any audit recommendations have been agreed with her.

#### **4. Audit Findings.**

##### **4.1. Payroll**

- 4.1.1. The Parish Council has 1 employee (Parish Clerk) who works 11 hours per week under NJC conditions of service.

- 4.1.2. A standard wages payment is made each month which is pro rata for her hours per week worked on the NJC payscales.
- 4.1.3. An I.T. and telephone allowance was agreed within the terms and conditions of the appointment (Council meeting 20<sup>th</sup> January 2016).
- 4.1.3. I examined the payroll information for the financial year 2020/2021 which appears reasonable.

#### **4.2. Creditors (Accounts Payable)**

- 4.2.1. The Clerk records all expenditure on a financial report spreadsheet showing, details, BACS and amount. This is summarized monthly (schedule of payments) for approval by Members.
- 4.2.2. An expenditure form is completed giving details of the payment which is certified by the Parish Clerk who approves the payment. The invoice is attached to the expenditure form, with payment made by BACS.
- 4.2.3. There are no separation of duties at the Council as the Clerk is the only Officer responsible for Finance and Administration. However, compensating checks are carried out by Members who have the opportunity to check the invoices.
- 4.2.4. On examining the spreadsheet of payments and the invoices for the year, all were found to be correctly paid.
- 4.2.5. Vat is recorded on a vat claim form and this was checked to the invoices paid for 2020/21 and found to be correct.

#### **4.3. Governance**

- 4.3.1. Around February/March every year the Council reviews its Governance documents which include Standing Orders, Financial Regulations, Risk Register, asset register and various other policies to ensure that they are fit for purpose. This was to be carried out at the March 2020 Council meeting but due to Covid-19 it was cancelled and reviewed in July 2020. A review of Governance documents took place at the Council meeting on 31<sup>st</sup> March 2021.
- 4.3.2. The Parish Council has a very small budget with only 1 employee and its risks are considered to be very low.
- 4.3.3. Exercise of the Public Rights for 2019/20 was announced on 30<sup>th</sup> July 2020 with the inspection period being 31<sup>st</sup> July to 11<sup>th</sup> September 2020 and placed on the Councils website.

#### **4.4. Income collection and Banking arrangements**

- 4.4.1. All income is recorded on a financial report spreadsheet showing, detail and amount.
- 4.4.2. I examined all the income for the year and confirmed that all income had been received, promptly, banked and recorded.
- 4.4.3. Income collected during the year was recorded on an income form and is paid by BACS or cheque.
- 4.4.4. There is 1 bank account held by the Council with Bank Reconciliations carried out monthly (using the above income and expenditure financial report spreadsheets and reported to Council with the bank balances with the bank statements being available for members to view and I understand are agreed by the Chair.
- 4.4.5. At the end of the year the Clerk completes a schedule of VAT to be claimed, which is completed on line. Vat claim had been completed for 2019/20 and paid into the Council's bank account on 28<sup>th</sup> May 2020. VAT claim form for 2020/2021 has been completed and submitted on 11<sup>th</sup> April 2021.

**4.5. Accounting Records**

4.5.1. The Council records its income and expenditure on spreadsheets which is adequate for a small Parish Council.

**4.6. Assets**

4.6.1. The Council does have assets, which are reviewed with the Governance documents (see 4.3.1).

**4.7. Debtors**

4.7.1. There are no accounts raised by the Council.

**4.8. Budgetary Control**

4.8.1. Budgetary control reports are submitted every quarter with the Financial Reports which gives a forecasted balance for the year end.

4.8.2. The precept was discussed, reported and agreed at the Parish Council meeting on the 27<sup>h</sup> January 2021, with a budget agreed for the year 2021/2022. This included a review of any fees and charges for the coming year. The annual budget was prepared to support the precept.

4.8.3. The Council does not have a Medium-Term Financial Plan as with only having a small budget and small reserves it only plans from one year to the next. I understand that Councillors are asked for any possible schemes or projects they wish to consider and how they are to be funded.

**5. Conclusions**

5.1. The internal controls are satisfactory for the size of the Council.

**6. Recommendations**

6.1. There are no recommendations.



**Gordon Fletcher (C.M.I.I.A.)**

**Internal**

**Date: 25<sup>th</sup> May 2021**