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Internal Audit & Professional Services

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Tostock Parish Council – Internal Audit Report for 2021 / 2022

Dave Crimmin undertook this Internal Audit on the 18th June 2022 to review the adequacy of the systems of control undertaken by the council. The following comments and recommendations have been made:

Annual Meeting of the Parish / Town Council

The Annual Parish Council meeting was held on 17th May 2021(Ref: 5). The first item of business was not the Election of Chairman as required in Standing Orders.

AGAR Completion for 2021 / 2022

Section One: Yes handwritten not signed.
Section Two: Yes handwritten not signed.
The cost for the locum clerk services of £467.50 should be included in Box 4 Staff Costs for the year ended 31st March 2022. Box 6 Other Payments for the same period should be amended accordingly.
Annual Internal Audit Report 2021 / 22: Yes
Certificate of Exemption: Yes handwritten not signed.

Proper book-keeping

Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

The Council hold the General Power of Competence and LGAs137 does not apply. The cashbook is referenced providing a clear audit trail. Supporting paperwork is mostly in place and referenced.

Financial regulations

Standing Orders and Financial Regulations. Tenders. Appropriate payment controls including acting within the legal framework with reference to council minutes. Identifying VAT payments and reclamation. Cheque books, paying in books and other relevant documents

*Standing Orders in place: Yes
Reviewed: Not reviewed during the year of Audit.
Financial Regulations in place: Yes
Reviewed: Not reviewed during the year of Audit.
VAT reclaimed during the year: Yes Registered: No
General Power of Competence: Yes – Meeting on 5th July 2021 (Ref: 10ii)*

There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

Recommendation (1): It is a requirement for a VAT column to be maintained in the cashbook where recoverable VAT is shown.

22/23 Action for cash Book

Recommendation (2): The council to review and adopt Standing Orders and Financial Regulations and minute the action taken.

ACTION .

Risk Assessment

Appropriate procedures are in place for the activities of the council. Compliance with Data Protection regulations

Risk Assessment document in place: Not in Audit file or website
Data Protection registration: Yes – ZA128874 Expiry 19/07/2022

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. It is advised that, due to the financial risk associated with the new Data Protection Regulations, this should form part of the Council's Risk Assessment.

Privacy Policy published: Yes

Insurance was in place for the year of audit but as the Audit file indicates that Mid Suffolk District Council paid the insurance, there are no insurance documents contained in the payments..

There was no evidence in the minutes that the Risk Assessment, including Internal Controls, has been reviewed during the year of audit.

Recommendation (3): To ensure the annual review of the Risk Assessment and Internal Controls is carried out during the year of audit.

ACTION

The Council have effective internal financial controls in place. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: Not able to confirm as the Insurance schedule is not included in the Audit file.

Recommendation (4): To ensure that Fidelity Cover is in line with the recommended guidelines of year-end balances plus 50% of the precept.

NEED TO FIND - MISSING-

Transparency

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

Smaller Council: Not in 2020 / 2021)

Website: www.tostockpc.org.uk

The Council is not subject to the requirements of the Transparency Code for smaller Councils.

Under The Accounts & Audit Regulations 2015 13(1a) councils must publish on their website:

Statement of Accounts, External Audit report and Annual Governance statement.

2021 Annual Return, Section One Published Yes

2021 Annual Return, Section Two Published Yes

2021 Annual Return, Section Three Published No

Under The Accounts & Audit Regulations 2015 15(2b) councils must publish on their website:

Notice of period for the exercise of public rights

Published

Yes

Period of Exercise of Public Rights

Start Date 28th June 2021

End Date 6th August 2021

Budgetary controls

Verifying the budgetary process with reference to council minutes and supporting documents

Precept: £9,450 (2021 / 2022) Date:9th December 2020 (Ref: 9)

Precept: £10,474 (2022 / 2023) Date:26th January 2022 (Ref: 22.01.07.13)

Good budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The Clerk ensures the council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions. Budgets are monitored during the year.

Income controls

Precept and other income, including credit control mechanisms

All were found to be in order. Income controls were checked and income received and banked cross-referenced with the Cash Book and bank statements.

Petty Cash

Associated books and established system in place

A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.

Payroll controls

PAYE and NIC are in place where necessary. Compliance with Inland Revenue procedures. Records relating to contracts of employment

PAYE System in place: Yes
Employer PAYE Reference: 475/ NA74209
P60's issued: Not applicable as no permanent Clerk in position as at 31st March 2022.

The Council continue to operate RTI in accordance with HMRC regulations. The Council has not joined the LGPS / NEST pension scheme.

Asset control

Inspection of asset register and checks on existence of assets. Cross-checking on insurance cover.

A separate asset register is in place. Values are recorded at cost value. The total value of assets is recorded at £35,400 . The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements.

All were in order. Bank Reconciliations are carried out regularly. The bank statements reconciled with the end-of-year accounts and bank reconciliations for all accounts.

Reconciled Bank Balances were confirmed as:

NatWest Current £26,119.65 as at 30th March 2022
NatWest Business Reserve £37,527.91 as at 31st March 2022

Recommendation (5): Use the bank balance as at the 31st March for the reconciliation.

Reserves

General Reserves are reasonable for the activities of the Council. Earmarked Reserves are identified.

The Council have general reserves and CIL receipts of £63,648

Year-end procedures

Appropriate accounting procedures are used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate.

End-of-year accounts is prepared on a Receipts & Payments basis.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2021 Internal Audit report was considered by the Council at a meeting held on 30th June 2021 (Ref: 4) and 5th July 2021 (Ref: 10ii).

A review of the effectiveness of the Internal Audit was not carried out during the year of Audit.

Recommendation (6): It is a requirement to review the effectiveness of the internal audit during the year of accounts.

ACTION .

davecrimmin.co.uk was not appointed as Internal Auditor at a meeting held during the year of Audit.

Recommendation (7): It is a requirement to appoint the Internal Auditor and record the decision in the minutes of the meeting.

DONE

External Audit

The Council formally approved the AGAR at a meeting of the full Council held on 30th June 2021 (Ref: 5).

The External Auditor's report was not considered at a meeting held during the year of Audit. With a copy of the External Auditor's limited assurance opinion for 2020 / 2021 not being present in the Audit file or on the website there is no way of reviewing any comments.

Recommendation (8): It is a requirement that the External Auditor's report be reviewed at a meeting which is to be recorded in the minutes along with any actions to be taken.

NOTED .

In conclusion

I would like to record my appreciation to Cllr MacDowall for his assistance during the audit work.

Dave Crimmin

Dave Crimmin PSLCC

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18th June 2022