

# **INTERNAL AUDIT REPORT**

## **1 April 2021 – 31 March 2022**

### **RADWINTER PARISH COUNCIL**

In order to ensure compliance with proper practices, the audit follows the guidance in the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide March 2021. The internal audit was carried out from supplied documents, vouchers, detail and information from EXCEL spreadsheets, the Council's website and discussions with the Clerk/RFO. The impact of COVID should not be overlooked.

#### *Internal Control Objective A*

*Appropriate accounting records have been properly kept throughout the financial year.*

Sample checking of financial transactions was carried out for the months of April, August, February and March, and matched to: cash book, invoices, vouchers, cheque books, online payment documents, bank statements, information from EXCEL spreadsheets. Spot checks were carried out for the remaining months. There were some anomalies in the cash book and records which have been fully discussed with the Clerk/RFO and the cash book amended. These may have been due, in part, to the change in Clerk/RFO in May 2021.

#### *Internal Control Objective B*

*This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for.*

The Council complies with its financial regulations which were last reviewed in November 2019. It is recommended that the Financial Regulations are reviewed not least to take into account the online (BACS) payment process which is mainly used as opposed to cheques. The list of payments is approved at Council meetings prior to online payments being raised by the Clerk/RFO and a list of payments emailed to the authoriser. To satisfy the audit trail it is suggested that the authoriser should be agreed at Council and minuted. Two councillors who are not bank signatories verify and sign invoices.

The VAT reclaim is made annually and for the previous year was paid in May 2021. The VAT reclaim for 2021/22 is to be submitted shortly.

#### *Internal Control Objective C*

*This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these*

The Council has not considered its risks during the last financial year and therefore a 'No' will have to be entered for that control objective on the AIAR. It is recommended the Council's risks are collated and approved at the earliest opportunity to comply with proper practices.

The Council's insurance is with RSA (Royal Sun Alliance) and was renewed in June 2021.

#### *Internal Control Objective D*

*The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*



The budget process for 2021/22 started in November 2020 with the precept of £20,710 being approved at the December 2020 Council meeting; the budget was not stated. The budget process for 2022/23 started in October 2021 and was approved together with the precept at the November 2021 meeting; the amount for both being the same £22,010. There are no committees. Budget updates are provided at council meetings. Reserves are satisfactory.

#### *Internal Control Objective E*

*Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*

There are few income transactions mostly grants and all have been checked as for Internal Control Objective A.

The Council is not registered for VAT.

#### *Internal Control Objective F*

*Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*

The Council does not operate a petty cash system.

#### *Internal Control Objective 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*

The sole employee is the Clerk whose salary is in line with NJC Salary Scales as agreed by the Council. The payroll function is outsourced to Klear Tax & Accounting Ltd. The Council pays any relevant deductions to HMRC by BACS.

#### *Internal Control Objective H*

*Asset and investments registers were complete and accurate and properly maintained.*

The Asset Register appears to have last been updated in 2020. The Clerk is actively reviewing the Asset Register with the assistance of Councillors.

There are no long term investments.

The Council has no borrowing.

#### *Internal Control Objective I*

*Periodic bank account reconciliations were properly carried out during the year.*

Although bank account reconciliations are carried out this should always include reconciliation back to the cash book as for Year End and the AGAR. It is recommended that the bank reconciliation is provided to Council at least twice per year and minuted. There is now only 1 bank account with Barclays, a Community Account. Monies from NatWest and the Co-operative banks were 'transferred' to the Community Account by cheques totalling £8890.58.

#### *Internal Control Objective 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.*

The Council operated a receipts and payments system which is entered and recorded to the cash book in EXCEL spreadsheets. Supporting documents were checked as in Internal Control Objective A.



*Internal Control Objective K*

*If the authority certified itself as exempt from a limited assurance review in 2020/2021, it met the exemption criteria and correctly declared itself exempt.*  
Not applicable

*Internal Control Objective L*

*The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.*

The Council publishes information in its website which is consistent with transparency requirements and/or best practice.

*Internal Control Objective M*

*The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.*

Notices with accompanying documents are published on the Council's website.

*Internal Control Objective N*

*The authority has complied with the publication requirements for 2020/21 AGAR Documents are on the Council's website.*

*Internal Control Objective O*

*Trust funds (including charitable) – The Council met its responsibilities as a trustee.*

Not applicable

**Recommendations Summary**

<b>1</b>	Financial Regulations - review not least to take into account the online (BACS) payment process <i>Internal Control Objective B</i>
<b>2</b>	Risks - collate and approve at the earliest opportunity to comply with proper practices. <i>Internal Control Objective C</i>
<b>3</b>	Bank reconciliation - provided to Council at least twice per year and minuted <i>Internal Control Objective I</i>

Thanks go to the Clerk/RFO for his input, effort and time afforded to me. Thanks also to the Council for the opportunity to carry out the Council's Internal Audit which I trust meets with your approval and requirements. Should you need any further information or assistance please do not hesitate to contact me.

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30 May 2022

