

INTERNAL AUDIT REPORT 2021-22

BADGER PARISH COUNCIL

1 INTRODUCTION

As the Council's Internal Auditor I have independently carried out an examination of areas which meet the internal control objectives as listed on the Annual Governance and Accounts Return (AGAR) and best practices as outlined in the JPAG Practitioners' Guide 2021 for the year ended 31st March 2022.

The audit has been carried out using a risk assessment basis approach and examines the Council's compliance with its relevant procedures and controls through a review of these controls and by selected sampling. Page 4 of the AGAR was then completed as per conclusions drawn from these findings.

2 OVERALL

I have completed an examination of Council records made available to me to date and completed page 4 (AGAR) positively; as per the detailed findings. **The standard of administration and system of internal controls relating to the audit areas examined throughout the financial year were considered to be of a high standard and met the needs of the Council and those recommended in The Practitioners' Guide 2021.** Once again the Council will be opting for a Certificate of Exemption from External Audit as neither receipts nor payments exceed £25,000.

The table of findings on page 2-3 supports the above statement.

A sample review of Council meeting minutes confirmed that the Council was quorate when it met and that council decisions were clearly recorded. Reliance was placed on the Council's website during the audit and it was found to be both informative and met transparency requirements.

I would like to thank the Clerk for presenting such well organised records which have assisted the internal audit process. Should you have any queries with this report please do not hesitate to get in touch.

Regards,

S D Hackett

Tel 01743 719012

E: sdhaccts@icloud.com

Date: 20/4/2022

3 INTERNAL AUDIT DETAILED FINDINGS - BADGER PARISH COUNCIL 2021/22

| Key Control Objective | Findings | The key control objective has been satisfactorily achieved? |
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| A. Appropriate accounting records have been properly kept throughout the financial year. | The primary accounts record examined 1-4-21 – 31-3-22; (i.e. Cash Book) was found to be accurate and complete providing a full audit trail; having been recast and agreed. | Yes |
| B. Council complied with its financial regulations, payments were supported by invoices/vouchers, and all expenditure was approved and VAT was appropriately accounted for. | A sample of 10 payments were agreed between the accounts and Council minutes. All payments were satisfactorily traced to supporting invoices/receipts. A further sample of transactions were agreed to bank statements. VAT was found to be appropriately accounted for within the accounts and financial regulations complied with. | Yes |
| C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | The Council's risk management policy was last reviewed in May 2021. There was also evidence of a random financial check being carried out of the Cash Book and Petty Cash by a councillor in September 2021. The Council holds insurance. Financial Regulations and Standing Orders were readopted in May 2021. The Council is insured. | Yes |
| D. The annual precept requirement resulted from an adequate budgetary process; and progress against the budget was regularly monitored by the Council; and reserves were appropriate. | Budget Monitoring - The Clerk/RFO presents at each meeting a detailed Treasurer's Report which meets this requirement given the low volume of transactions. Budget Setting –The Clerk/RFO circulated a Treasurer's report in November which contained details of the Draft Budget for 22/23. At the Council's January meeting the Budget was approved and together with a Precept of £3,800. Reserves – As at 31/3 2022 funds held were £7,247.66; this equates to approximately 18 months expenditure and nearly twice the precept. Given that the longstanding Clerk is retiring and a new Clerk has been appointed; and higher staff costs are anticipated, reserves are considered reasonable. | Yes |
| E. Expected income was fully received, based on correct prices, properly recorded and promptly banked. | A precept receipt of £3,800, grant of £456 were agreed to supporting remittances. The precept was agreed to MH CLG Precept data. | Yes |
| F. Petty Cash has been properly accounted for | Petty cash was counted and agreed in the presence of the Clerk to records, whilst all expenditure was agreed to supporting receipts and found to comprise of reasonable incidental expenditure. | Yes |

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| G. Payroll – Approved salaries have been paid to employees and PAYE & NI requirements properly applied. | The Clerk’s remuneration has been correctly calculated based on a pay rate SCP12 and contracted hours of 15 per month; in line with the revised NJC Pay Scales (Mar’22). All pay calculations have been processed via (Crown Basic) approved HMRC software and appropriate tax deducted at BR and remitted to HMRC. Arrears due were checked and agreed in the 4 th quarter payment in March’22. No allowances were paid to members. | Yes |
| H. Asset Registers and investment registers were accurate and properly maintained. | The Asset Register was last updated in March 2021 and no additions have occurred in the current year. | Yes |
| I Periodic Bank Reconciliations were properly carried out. | A year end bank reconciliation carried out by the Clerk/RFO has been independently examined and agreed by the auditor. In year the Clerk’s Treasurer’s reports provides evidence of periodic bank reconciliations having been regularly carried out. | Yes |
| J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. | The AGAR and yearend accounting statement has been prepared accurately on a receipts and payments basis, agrees with the cash book, fixed asset register and bank reconciliation. Sample testing supported the accuracy of the audit trail to underlying records. | Yes |
| K The Council appropriately certified itself as exempt from a limited assurance review by external audit in 2020/21 . | Council appropriately resolved to approve the 2020 /21 Certificate of Exemption from external audit at its May 2021 meeting. | Yes |
| L The Council publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the Transparency code for small authorities. | The Council’s website was found to be both informative and met transparency requirements. It was relied upon in the audit process. (Examined 25/02/22.) | Yes |
| M Council correctly provided the proper opportunity for the exercise of public rights in 20/21 in accordance with the Accounts and Audit Regulations. | The appropriate Notice for the Exercise of Public Rights and AGAR and associated paperwork were issued on 9/6/21 and found on the Council’s website. Appropriate notice was given. (25/02/22) | Yes |
| N The Council has complied with the publication requirements for 20/21 AGAR. | Yes, see above. | Yes |
| O The Council met its responsibilities as a trustee. | The Clerk confirmed that the Council is not a trustee of a Trust Fund or charity. | Not Applicable. |