

INTERNAL AUDIT REPORT 2020-21

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 Practitioners' Guide 2020 for the year ended 31st March 2021.

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. The internal audit report within 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 the Internal Audit Report on page 4 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 meet the needs of the Council and those recommended in The Practitioners' Guide 2020.** 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 virtually 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. The new website was considered to be an improvement and a comprehensive library of policies and procedures included a Website Accessibility Statement.

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,

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Date: 20/4/2021

3 INTERNAL AUDIT DETAILED FINDINGS - BADGER PARISH COUNCIL 2020/21

Key Control Objective	Findings	The key control objective has been satisfactorily achieved?
A. Appropriate accounting records have been properly kept throughout the financial year.	The primary accounts record examined 1-4-20 – 31-3-21; (i.e. Cash Book) was found to be comprehensive, accurate and complete providing a full audit trail.	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 16 payments were agreed between the accounts and Council minutes. They were satisfactorily traced to supporting invoices/receipts. 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 September 2020. There was also evidence of a random financial check being carried out of the Cash Book and Petty Cash by a councillor in September 2020. Financial Regulations and Standing Orders were adopted in 2019. It is evident that additional measures have been taken as a result of COVID to ensure smooth running of the Council and parish activities	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 for meetings 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 21/22. At the Council's January meeting the Budget was approved and together with a Precept of £3,800; the decision was well documented. Reserves – Are considered appropriate.	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 and VAT refund £384 were agreed to supporting remittances and in the case of VAT the two previous years' accounts.	Yes

F. Petty Cash has been properly accounted for	Petty cash was counted and agreed to records, whilst all expenditure was agreed to supporting receipts and found to comprise of reasonable incidental expenditure.	Yes
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 14 per month; in line with the NJC Pay Scales. All pay calculations have been processed via approved HMRC software and appropriate tax deducted. Tax had been appropriately deducted per the Clerk's tax coding and remitted to HMRC. Please note 5 quarterly payments were in the year. 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 2020 and adopted in June. 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. In year the Clerk's Treasurer's reports provides evidence of periodic bank reconciliations having been 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 and bank reconciliation. (A minor adjustment to boxes 4 & 6 was required due to a change in the JPAG Practitioners' Guide.) 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 2019/20 .	Council appropriately resolved to approve the 2019 /20 Certificate of Exemption from external audit at its May 2020 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.	Yes
M Council correctly provided the proper opportunity for the exercise of public rights in 19/20 in accordance with the amended Accounts and Audit Regulations 2015.	The appropriate Notice for the Exercise of Public Rights and AGAR and associated paperwork were issued on 29/5/20 and found on the Council's website. Appropriate notice was given.	Yes