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15th May 2022

Hopesay Parish Council

Ladies and Gentlemen

As your Internal Auditor I am employed by the Council to conduct such tests as are agreed and are sufficient to enable me to complete the Internal Auditor's Report contained within the Audit Commission's Annual Return Form for the appropriate financial year.

My report this year is again based on the Guide issued by the Joint Panel on Accounting Guidance (JPAG). Whilst the tests I have made are taken from the Practitioners' Guide, they are relevant to the various headings on the Annual internal audit report. I have again given my rationale for the answers given on that report.

A. Appropriate accounting records have been kept properly throughout the year.

Appropriate books of account have been kept properly throughout the year. A Cash Book is maintained, is up to date, regularly balanced and the reconciliation of the cash book balance and the bank statement is agreed by the council at each meeting. The books are made up to 31st March 2022 and were audited by me on 15th May 2022.

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

I have checked a sample of the Income received, also the invoices paid, together with a sample of the payment transactions and found them to be satisfactory. Where applicable, prior to authorisation, the invoice is checked by the Clerk. All cheques require two signatures, and the regulations state that cheque signatories are required to check and initial the original invoice that they have assured themselves that the invoice is appropriate for payment and that the invoice and cheque are in agreement as to payee and value. From the samples checked, this is being done. VAT on payments has been identified and recorded separately. The Standing Orders were reviewed in March 2022 when they were amended to alter the length of time a chairman could hold that office. The Financial Regulations were also reviewed at the March 2022 meeting when it was resolved that no amendments were necessary. The other policies and procedures under which the Council operates were also reviewed and minuted at meetings during the year.

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

The Council assessed the significant risks to achieving its objectives and has a detailed Risk Assessment. The Council has an excellent Risk Register which is updated on a rolling programme, and the Register is discussed at most, if not all, meetings of the Council. The discussion and outcomes of those discussions are minuted, sometimes there are amendments made and if no amendments are necessary, that, too, is minuted. At their March 2022 meeting, the full Council resolved to defer the annual review of the format of their Risk Register until the April meeting in case the latest edition of the Practitioners' Guide gave new advice regarding this.

The existing Insurance cover was mentioned in the Clerk's report at the April 2021 meeting when she advised the councillors that the insurance was due at the end of May 2021, but as it was the second year of a three year contract, there was no need to obtain competitive quotes. The only requirement was to ensure that the insurance company had the up to date version of the Assets Register. The insurance cover runs from 1st June 2021 to 31st May 2022.

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

A first draft budget for 2022-23 was drawn up by the RFO and Councillors were asked to scrutinise it and make suggestions/amendments. A final draft would be presented at the December meeting for adoption, taking into account any suggestions/amendments. At the December meeting, discussions duly took place and it was agreed that an Expenditure budget of £16155 would be set. A precept of £13940 was agreed and this constituted a 4.66% increase on a Band D property over the 2021-22 precept. The budget is regularly monitored by the Council, and I am again delighted to see that it is treated as a "living" document, with funds being vired from other headings to make up any unexpected shortfalls or additional spending, but not until any shortfalls or additional expenditure has been discussed by the full council and agreed. Progress is regularly monitored and a quarterly budget review is discussed, agreed and duly minuted. Prior to the April 2021 meeting, the council had received from the clerk a statement of reserves and this was approved by the council. The council regularly discusses its reserves in conjunction with the quarterly budget updates and they are to be commended for their financial stability and viability, and the way their financial management operates.

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

All income has been received, is properly recorded and promptly banked where applicable. The recorded precept agrees to the Council Tax authority's notification. The council does not deal in cash or near cash items. VAT has been properly accounted for and a claim for 2020-2021 was made in the sum of £1105.20 and this refund was received in March 2022 and duly minuted.

F. The Council does not deal in Petty Cash.

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 existing clerk has a Contract of Employment, which is based on the NALC model. Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied and payments to HMRC are up to date. The Clerk's salary was duly approved and minuted.

H. Asset and investment registers were complete and accurate and properly maintained.

The council has an Asset register which is complete and accurate and properly maintained. That is what is required from the heading above, but I would again like to place on record the excellent content of that register. It is discussed and when the review is finally concluded, the document is agreed. Again, it is treated like a "living" document, and is not merely wheeled out once a year to be agreed and then left until the following year. The clerk ensures that an up to date copy of the Register is always sent to the insurance company, to ensure the assets are fully covered for insurance purposes. The council does not have an investment register as it has no investments.

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

Periodic reconciliations have been carried out, as has a final year end reconciliation. These have been duly discussed by the Councillors, and I would like to thank those councillors who, during the year, have undertaken the monthly checks on those reconciliations and have reported back to the full council that in all cases there were no variances. All reconciliations have been duly minuted at each council meeting. I am aware that the Covid-19 coronavirus has made things a little difficult, but the reconciliations have all been properly carried out.

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.

Accounting statements have been prepared on the correct accounting basis (Receipts and Payments). The accounts are supported by an audit trail. At the year-end there are no unexplained balancing entries in the reconciliation. The value of investments held is not applicable. At the year end, there is an original bank statement for both the current account, the Business Saver Account and the Community Account and a reconciliation has been done for each.

K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/21 AGAR tick ("not covered").

The authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. The certificate was approved by the Council in open meeting and duly signed on 28th June 2021, see minute 15.5.

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 authority has published the required information on its free to access website.

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 (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

This exercise was correctly provided for and the exercise was duly minuted at the June 2021 meeting under minute 15.4.

N. The authority has complied with the publication requirements for 2020/21 AGAR. (see AGAR Page 1 Guidance Notes).

The authority has complied with the requirements.

**O. (For local councils only).
Trust funds (including charitable) – The council met its responsibilities as a trustee.**

Not applicable.

Conclusion.

I have marked all the categories on the internal audit form as conforming to the required standard on the basis that under risk management there is little, or no risk attached to the council from any of the comments I have made.

From my internal audit testing there is no evidence of any irregularities, and I would like to thank the Clerk for the excellent way in which the accounts and other audit material have been prepared.

I was particularly impressed by the actions of the clerk and subsequent actions of the councillors at their meeting on 24th May 2021 under the heading Staffing Matters. I am aware that 2021-22 was another difficult year for everyone, and the clerk has done her very best under very trying circumstances, of which the council are aware. In times like we have suffered for two years, adaptations have to be made, and I am very pragmatic about such adaptations provided the security of the councils assets, both financial and physical is maintained. The councillors are all unpaid volunteers, who have been elected to serve the community, and together with the clerk you are to be praised and thanked for your diligence and devotion to duty. Well done to you all.

Yours faithfully



Bernard Townson
Internal Auditor
15th May 2022