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**28<sup>th</sup> May 2023**

Hopesay Parish Council

Ladies and Gentlemen

I have been appointed as your Internal Auditor and 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 are 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 financial 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 2023 and were audited by me on 25<sup>th</sup> May 2023.

**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 May 2022 when the new NALC revised Standing Orders were adopted. The Financial Regulations were also reviewed at the March 2022 meeting when it was resolved that no amendments were necessary, they were further reviewed at the March 2023 meeting when it was agreed that they would need updating following the switch to banking with Unity Bank. It is intended to undertake this later in 2023. The other policies and procedures under which the Council operates were also reviewed and minuted at meetings during the year, see item 4 at the August meeting.

**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 April 2022 meeting, the full Council resolved to defer the annual review of the format of their Risk Register. There is a rolling programme of the review of risks and individual risks are reviewed at each meeting of the full council.

The existing Insurance cover was mentioned in the Clerk's report at the April 2022 meeting when she advised the councillors that the insurance was due at the end of May 2022 and she was awaiting competitive quotes. The Clerk had received and circulated 3 competitive quotes. These were obtained and fully discussed at the May 2022 meeting of the Council., but only one provided the key worker cover that was recommended for councils with a single employee. The Council therefore resolved to accept the renewal quote of £500.99p from Gallaghers its current insurer. The quote was about £50 more than budgeted for but this reflected the increase in value of the pavilion cover. The insurance cover runs from 1<sup>st</sup> June 2022 to 31<sup>st</sup> May 2023.

**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 2023-24 was drawn up by the RFO for the November meeting and Councillors were asked to scrutinise it and make suggestions/amendments. A final draft was 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 £16642 would be set. A precept of £14782 was agreed and this constituted a 6.04% increase on a Band D property over the 2022-23 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. The council regularly discusses its reserves in conjunction with the quarterly budget updates and they are again 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 2021-22 was made in August 2022 for the sum of £1869.46. This was received as a refund in October 2022 and duly minuted.

**F. The smaller authority does not operate a petty cash system.**

**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 was especially delighted to read the minute under heading 14 of the January meeting and it will certainly meet my requirements. I have to say it is not noted as a legal requirement but it is certainly best practice, and when I read item 15 of the February minutes, I can assure you that in my opinion your current measures for Internal Control are certainly adequate.

**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 are original bank statements for all accounts.

**K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt.**

The authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. The certificate was approved by the Council in open meeting when it was resolved to claim the exemption, see minute 19.2.4.

**L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with any relevant legislation.**

The authority has published the required information on its website which was up to date at the time of the internal audit in accordance with any relevant legislation.

**M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations. (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice 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 May 2021 meeting under minute 19.4.

**N. The authority has complied with the publication requirements for 2021/22 AGAR. (see AGAR Page 1 Guidance Notes).**

The authority has complied with the requirements.

**O. Trust Funds (including charitable) – The council met its responsibilities as a trustee.**

The Council does not have any trust funds.

**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 am again particularly impressed by the actions of the clerk and subsequent actions of the councillors at all your meetings. I am aware that 2022-23 was another difficult year for the clerk who has done her very best under very trying circumstances, of which the council are aware. In times like this adaptations have to be made, and I am again very pragmatic about such adaptations, indeed, I don't see really any major adaptations, the council appears to run like a well-oiled machine, and as I mentioned last year, you, 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. You may feel that this is what I wrote last year, and I debated long and hard as to whether to change it, but I cannot find any better way of passing on my thanks to such a well-run council.

Yours faithfully



Bernard Townson  
Internal Auditor  
28<sup>th</sup> May 2023