



HUDSON ACCOUNTING LTD.
INTERNAL AUDIT REPORT:
TO THE MEMBERS ST MAWGAN IN PYDAR
PARISH COUNCIL
YEAR ENDED 31ST MARCH 2022.

ISSUE DATE: 18/04/2022
ISSUED TO: PARISH CLERK

INTRODUCTION:

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Scope:

The scope of the audit covers, as a minimum, the areas included in the Internal Audit Report contained in the Annual Governance & Accountability Return and the Transparency Code.

Approach:

Audit work is carried out in line with the Chartered Institute of Public Finance and Accountancy's Internal Audit Standards and guidance issued by the National Association of Local Councils.

Where applicable we have included reference to 'proper practice' and the associated guidance as laid out in 'Governance & Accountability for Smaller Authorities in England' which is applicable to financial years from 1st April 2020.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed. Due to the pandemic much of the work was carried out remotely with information provided electronically or hard copies collected and returned a few days later. Overall coverage has not been materially affected.

GENERAL COMMENTS:

We would like to thank the Clerk for their assistance and co-operation during the audit.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

It should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes. The audit does not guarantee that the accounting records are free from fraud or error.

The review undertaken obtained a level of assurance which has allowed us to complete the Internal Audit Report element of the Annual Governance & Accountability Return with no qualifications, thus in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Previous recommendations have all been implemented.

Also attached, as Appendix 1 is a copy of the completed Internal Audit Report required as part of the Annual Governance & Accountability Return.

AUDIT COMMENTARY:

Items in **bold text** within the body of the report represent our findings in respect of the application of controls, text in *italics* represent suggested actions that fall short of being a formal recommendation or do not necessarily pertain to the application of internal controls.

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

The accounts are maintained on Scribe accounting software; they were up to date, in balance and free from material errors.

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

Financial Regulations

Financial Regulations were last reviewed in May 2021.

Purchasing

Spending decisions are made at Council and competitive pricing was sought for works to the public conveniences.

Payment

Payments are supported by invoices are certified by the RFO approved for payment by Members in line with Financial Regulations.

VAT

Within the sample tested VAT had been erroneously applied to two payments.

This will require correction and assistance from the software provider may be required to ensure that the system Vat records remain in balance with claims made.

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

Insurance

Statutory insurances are in place and the Fidelity Guarantee is adequate at £250K.

Risk Assessment & Internal Controls

The Council has reviewed its risk assessment and the effectiveness of its internal controls.

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

Budget setting

The 2022/23 budget and precept were properly approved in December 2021 following the production of detailed estimates.

Budget monitoring

Budget monitoring has been carried out in line with Financial Regulations.

Adequacy of Reserves

After allowing for earmarked reserves of £62,370 the general reserve stands at £10,659;

equating to 12.4% of gross expenditure which is well below generally accepted parameters.

General Reserves would normally be expected to sit within a range of 25-100% of expenditure.

The Council's overall reserve position is healthy, but a risk-based review of current reserves held and the relationship between earmarked and 'free' reserves would be advisable.

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

Precept

The precept received was checked to the records of the Council and the principal authority and found to be in accord.

VAT claims

A claim for most of the year has been submitted and payment was received in March 2022.

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

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 Clerks salary is paid in accordance with Member approvals; the 2021/22 pay award has been agreed but too late to include in the 2021/22 financial year.
There are no PAYE or pension requirements with which to comply.

H Asset and investments registers were complete and accurate and properly maintained.
The asset register has been updated and is in accord with disclosures in the accounting statements.

I Periodic and year-end bank account reconciliations were properly carried out.
Monthly bank reconciliations have been carried out in a timely manner throughout the year and have been reported to Council.
The year-end bank reconciliation was found to be accurate.

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 appropriate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.
The accounts were prepared on a receipts and payments basis and were in accord with underlying records.
Mileage claims have been included in staff costs contrary to proper practice, the amounts are immaterial, but the AGAR should be amended accordingly, and a new code established on the accounting system for 2022/23.

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.
NOT APPLICABLE.

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.
NOT APPLICABLE.

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
The requisite Notice was published, and the correct number of days allowed.

N The authority has complied with the publication requirements for 2020/21 AGAR.
All publication requirements were met.

O Trust funds (including charitable). The council met its responsibilities as trustee.
NOT APPLICABLE.

Annual Internal Audit Report 2021/22

ST MAWGAN IN PYDAR PARISH COUNCIL

www.stmawganparishcouncil.org.uk

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**	
A. Appropriate accounting records have been properly kept throughout the financial year.	✓			
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓			
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓			
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓			
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓	NOT USED
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.	✓			
H. Asset and investments registers were complete and accurate and properly maintained.	✓			
I. Periodic bank account reconciliations were properly carried out during the year.	✓			
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.	✓			
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. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i>			✓	
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			✓	
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 <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	✓			
N. The authority has complied with the publication requirements for 2020/21 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓			
O. (For local councils only)	Yes	No	Not applicable	
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓	

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

17/04/2022

18/04/2022

Name of person who carried out the internal audit

S P HUDSON CPFA

Signature of person who carried out the internal audit

S. P. Hudson

Date

18/04/2022

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).