

June 18, 2021

## West & East Putford Parish Council Internal Audit Report 2020/2021

Testing was carried out using sampling where appropriate and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity. The findings are reported below:

### ✓ **Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- A general and financial risk assessment covering the council's activities.
- A statement of internal control.
- Annually review any charges for services whether or not they are increased and record this in minutes.

Councils under £25,000 turnover are legally required to publish on a website information required by the Transparency Code for Smaller Authorities 2014

- Website disclosure of information is required for those whose turnover is below £25,000.

Councils should ensure compliance with the new rules regarding General Data Protection Regulations (GDPR) which came into effect in May 2018.

Councils should have in place and periodically review:

- Standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation.
- Financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors and utilising online banking, should have procedures and controls in place to establish appropriate safeguards.

***The council website requires updating. The Annual Governance and Accountability Return (AGAR) for 2019/2020 has not been published, neither has the Notice of Public Rights for that year. In the latter case, a hard copy has been seen and mention is made in the minutes of elector's rights.***

**The clerk provided information regarding arrangements put in place to mitigate difficulties for the council as a result of the Covid-19 pandemic.**

✓ **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

**Satisfactory, however, it should be noted that the budget for 2021/22 does not allow a full external audit fee because the council is not exempt for this year.**

✓ **Other Receipt or Income**

A sample of other receipts were tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement

**Generally satisfactory. An amount of £27.91 of VAT relating to expenditure in 2019/20, has not been received and was identified as outstanding at the last audit. This should be investigated by the clerk.**

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council.
- Additional hours worked were approved and supported by time records.
- Employees are paid in accordance with contractual obligations and on the correct pay date.
- Employees have a written statement of principal terms and conditions.
- That PAYE and NI are operated and paid promptly.

**Satisfactory, although amendments were required on the approved submission of Annual Governance and Accountability Return (AGAR) forms due to two salary related amounts in March 2021.**

✓ **Payments including Bank**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim or other appropriate documentation.
- Grant payments are subject to a proof of need assessment, are required to be evidenced as spent for the approved purpose, and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared.
- Where payments are made other than by cheque with two councillor signatories the council has considered and actioned the requirements of appendix 10 of Governance and Accountability and have documented the process followed and annually review the control of wider definition "money".

**Satisfactory. No issues.**

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place

- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

***Satisfactory. No issues.***

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date
- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases

***Satisfactory. No issues.***

***Amendments have also been made to the accounting figures relating to the PFK Littlejohn preferred treatment of out-of-date cheques. A working paper has been provided for the clerk as explanation.***

***All amendments to the AGAR, section 2 figures should be inked in and appropriately initialled.***

***Please refer to the audit checklist and request clarification if necessary.***

***Kind regards***

***Julie***