Annual Internal Audit Report 2020/21

Milton Ernest Parish Council

www.miltonernest-pc.gov.uk

During the financial year ended 31 March 2021, 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 2020/21 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.			N/A
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 2019/20, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")*			N/A
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			N/A
M. The authority, during the previous year (2019-20) 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).*	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR *(see AGAR Page 1 Guidance Notes).*	✓		

	Yes	No	Not applicable
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			N/A

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: 03/06/2021

Name of person who carried out the internal audit: K. RICHES

Signature of person who carried out the internal audit: K. Riches

Date: 03/06/2021

*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).

Note to Annual Internal Audit Report 2020/21

Milton Ernest Parish Council does not operate a Petty Cash system and therefore no internal audit testing was undertaken for this area.

Box K of the Internal Audit Report 2020/21 is marked N/A because Milton Ernest Parish Council completed Part 3 of the return and is not exempt.

Box L of the Internal Audit Report 2020/21 is marked N/A because Milton Ernest Parish Council incurred expenditure over £25,000 during 2020/21.

Milton Ernest Parish Council Internal Audit 2020/21

I have carried out an Internal Audit of the Accounts of the Parish Council in line with the attached schedule, the requirements of the Accounts and Audit Regulations 2015 and in accordance with the suggested approach contained in the "Governance and Accountability for Local Councils – A Practitioners' Guide (England) March 2018" and Page 5 of the 2020/21 Annual Return has been signed off accordingly.

A	Appropriate books of account have been kept properly throughout the year.	Yes
B	The Council's Financial Regulations have been met, payments supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Yes
C	The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes
D	The Annual Precept requirement resulted from an adequate budgetary process, progress against which was regularly monitored, and reserves were appropriate.	Yes
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked and VAT was appropriately accounted for.	Yes
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT accounted for.	N/A
G	Salaries to employees and allowances to members were paid in accordance with Council approvals, and PAYE and NI requirements were properly applied.	Yes
H	Asset and investment registers were complete and accurate and properly maintained.	Yes
I	Periodic and year end bank reconciliations were properly carried out.	Yes
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, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	Yes
K	Trust funds (including charitable). The Council has met its responsibilities as a trustee.	N/A

Accounts and Audit Regulations 2015

These came into effect on 01/04/15 as follows:

- The Parish Council must have a sound system of internal control
- The Parish Council must conduct an annual review of the effectiveness of its internal control system. The findings of this review must be considered by the full Parish Council (not a committee)
- The Annual Governance Statement must be approved before the Annual Statement of Accounts
- The Statement of Accounts must be approved by the Full Parish Council (not a committee)

I can confirm that I am satisfied the Parish Council complies with this legislation.

Internal Audit Recommendations:

When Covid restrictions allow:

- The Financial Regulations should be reviewed and updated to reflect any revisions to controls once electronic banking is introduced.
- The Freedom of Information Policy states that it is subject to annual review. The policy should be reviewed.
- The practice of independent review and initialling of the cheque book stubs should be reintroduced in order to improve internal control.

Kathy Riches CPFA

May 2021

Bank Reconciliation 31st March 2021			
Balances at 31st March 2020			
HSBC Community Account	£ 36,290.34		
HSBC BMM	£ 27.16		
	£ 36,317.50	£ 36,317.50	
Less unpresented cheques			
678	£ 912.00		
	£ 912.00	£ 912.00	
		£ 35,405.50	**£ 35,405.50**
Plus Income 2020-21			£ 24,569.09
Less Expenditure 2020-21			£ 25,357.63
			£ 34,616.96
Balances at 31st March 2021			
HSBC Community Account	£ 41,027.80		
HSBC BMM	£ 27.16		
	£ 41,054.96	£ 41,054.96	
Less unpresented cheques			
722	£ 438.00		
724	£ 6,000.00		
	£ 6,438.00	£ 6,438.00	
		£ 34,616.96	
Cashbook			
Balance per cashbook 1st April 2020		£ 35,405.50	
Plus income received during 2020-21		£ 24,569.09	
		£ 59,974.59	
Less expenditure incurred during 2020-21		£ 25,357.63	
Balance carried forward 31st March 2021		**£ 34,616.96**	