9 v/i

# Annual Internal Audit Report 2021/22

Stambridge Parish Council

https://stambridgepc.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. | | | ✔ |
| **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. *(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")* | | | ✔ |
| **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 *(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 2020/21 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. | | ✔ | |

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

24/06/2022 26/06/2022 27/06/2022

Name of person who carried out the internal audit

C V Lingard for and on behalf of Auditing Solutions Ltd

Signature of person who carried out the internal audit

Date 28/06/2022

*Please note that Stambridge Parish Council does not operate a Petty Cash system.

** Please note that Stambridge Parish Council is not exempt from Limited Assurance Review.

⑨ v/ii

# Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

**STAMBRIDGE PARISH COUNCIL**

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

| | Agreed | | | 'Yes' means that this authority: |
|---|---|---|---|---|
| | Yes | No* | | |
| 1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements. | | ✔ | | *prepared its accounting statements in accordance with the Accounts and Audit Regulations.* |
| 2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. | ✔ | | | *made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.* |
| 3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances. | ✔ | | | *has only done what it has the legal power to do and has complied with Proper Practices in doing so.* |
| 4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. | ✔ | | | *during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.* |
| 5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. | ✔ | | | *considered and documented the financial and other risks it faces and dealt with them properly.* |
| 6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. | ✔ | | | *arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.* |
| 7. We took appropriate action on all matters raised in reports from internal and external audit. | ✔ | | | *responded to matters brought to its attention by internal and external audit.* |
| 8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements. | ✔ | | | *disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.* |
| 9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit. | Yes | No | N/A | *has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.* |
| | ✔ | | | |

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

30/06/2022

and recorded as minute reference:

46 22-23 v/ii

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman X SIGNATURE REQUIRED X

Clerk SIGNATURE REQUIRED

www.stambridgepc.org.uk

APPENDIX to Section 1 – Annual Governance Statement 2021-22:

STAMBRIDGE PARISH COUNCIL

Item 1 The NO answer:

Recommendations as advised by the Internal Auditor 2022-23 Action Plan:

| | |
|---|---|
| Ri: | The Internal Auditors comment noted. |
| R2: | The Internal Auditors comment noted. |
| R3: | As Sole Trustees the Parish Council are following the HMRC Guidance. |
| R4: | The Council agree. |
| R5: | The Internal Auditors comment noted. |
| R6: | The Council agree and will purchase a Certification stamp. |
| R7: | The Internal Auditors comment noted. |
| R8: | The Council have already a monthly checking system signed by two councillors. |
| R9 | The Council agree a stock check. |
| R10: | The Internal Auditors photographic comment noted. |
| R11: | The Internal Auditors comment noted. |
| R12: | The Council agree the spreadsheet to be updated. |

# ACTION PLAN FY2022-23

| Rec. No. | Recommendation |
|---|---|
| **Review of Accounting Records and Bank Reconciliations** | |
| R1 | The Clerk/RFO should review the spreadsheet which I have provided, which identifies the errors in the spreadsheet cashbook submitted for audit, make the appropriate corrections, and adjust the 2021-22 Accounting Statements and s.126 VAT Reclaim accordingly. |
| R2 | The Clerk/RFO should ensure that the VAT reclaims made on behalf of the Stambridge Community Centre and repayments made to it are treated correctly as 'netted off' and not as receipts and payments, which incorrectly inflates the turnover of the Council. |
| R3 | In line with best practice, as stated in Joint Panel on Accountability and Governance Practitioners' Guide (March 2022) the accounts, including receipts and payments of the Stambridge Community Centre, of which the Council is the trustee, should be treated separately, and the VAT reclaims effected on behalf of the charity paid directly into the Charities Bank Account. |
| R4 | The Clerk/RFO should obtain, forthwith, an up-to-date account statement from National Savings and Investment to ensure that the correct year-end balance is recorded. |
| R5 | The Clerk/RFO should design or acquire a new spreadsheet cashbook which provides proper columnar analysis, reconciliation capability, budget reporting and the preparation of the Annual Return straightforward. |
| **Review of Expenditure** | |
| R6 | The Clerk/RFO should acquire an invoice certification stamp to ensure that all required authorisation information is consistently recorded on each payment document. |
| R7 | All payment documents should have the certification stamp applied to it. The Clerk/RFO should then record the date that the document was received, validate the document as being authentic and assign an analysis heading to be used in the preparation of the monthly and Annual Accounting Statement and for budgetary purposes. |
| R8 | The original payment documents that are recorded on Schedule of Payments circulated with the meeting Agenda should then be scrutinised by Members during the corresponding meeting of the Full Parish Council, and two Members of the Council should initial the payment document, in the field identified, to confirm the authorisation of payment after the Members have resolved to make the payments. |
| **Review of Fixed Asset Registers** | |
| R9 | The Clerk/RFO must design a new spreadsheet Fixed Asset Register spreadsheet and undertake an 'stock check' of all the Council's Fixed Assets to ensure that these are correctly recorded in the Fixed Asset Register at |

| | |
|---|---|
| | purchase cost, nett of VAT, delivery and installation charges. |
| R10 | We suggest the Council consider whether they should be keeping photographic records of their assets. We have had instances where Councils have found it necessary to make insurance claims and such photographic records have helped in justifying those claims. |
| R11 | The Clerk/RFO and Members should refer to the Council's Adopted Fixed Asset Register when considering the Council's future insurance requirements each time these are reviewed. |
| **Review of Accounting Statements & AGAR** | |
| R12 | The Clerk/RFO is required the correct the Council's spreadsheet cashbook, and the AGAR Section 2 Accounting statements 2021-22 prior to the Annual Governance and Accountability Return (Exempt) being submitted to the External Auditor. |

**Appendices:**

**1) Stambridge PC - cashbook errors identified FY2021-22 (Microsoft Excel spreadsheet).**
**2) Example Fixed Asset Register (Microsoft Excel Spreadsheet).**
**3) JPAG Practitioner's Guide March 2022.**

## Section 2 – Accounting Statements 2021/22 for

STAMBRIDGE PARISH COUNCIL

| | Year ending | | Notes and guidance |
|---|---|---|---|
| | 31 March 2021 £ | 31 March 2022 £ | *Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.* |
| **1.** Balances brought forward | 12,403 | 21,013 | *Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.* |
| **2.** (+) Precept or Rates and Levies | 32,640 | 32,000 | *Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.* |
| **3.** (+) Total other receipts | 6,110 | 4,407 | *Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.* |
| **4.** (-) Staff costs | 8,368 | 8,336 | *Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.* |
| **5.** (-) Loan interest/capital repayments | 0 | 0 | *Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).* |
| **6.** (-) All other payments | 21,772 | 18,429 | *Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).* |
| **7.** (=) Balances carried forward | 21,013 | 30,655 | *Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).* |

| | | | |
|---|---|---|---|
| **8.** Total value of cash and short term investments | 21,013 | 30,655 | *The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March –* ***To agree with bank reconciliation.*** |
| **9.** Total fixed assets plus long term investments and assets | 42,924 | 41,340 | *The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.* |
| **10.** Total borrowings | 0 | 0 | *The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).* |

| | Yes | No | N/A | |
|---|---|---|---|---|
| **11.** (For Local Councils Only) Disclosure note re Trust funds (including charitable) | | | | *The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.* |
| | ✔ | | | *N.B. The figures in the accounting statements above do not include any Trust transactions.* |

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

Date 30/06/2022

I confirm that these Accounting Statements were approved by this authority on this date:

30/06/2022

as recorded in minute reference:

46 22-23 V/iii

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED