# INTERNAL AUDIT REPORT 2020-2021

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Local Council Audit Services Internal Audit Report To the Members of St Dennis

Parish Council

Year Ending 31st March 2021

Final issue date: 30/05/21 Issued To: St Dennis 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.

An interim audit has not been undertaken and this reports covers the activities of the Parish Council during the year.

# 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 I 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 2019.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed. No face to face meetings were held with inspection of digital documents and inspection of the Parish Website used to reference findings.

### **GENERAL COMMENTS:**

I would ike to thank the Parish Clerk for her time and co-operation with this inspection.

The matters raised in this report are only those which came to my attention during my 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.

In giving my internal audit opinion, 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.

I have provided a table of audit recommendations that allow for the Council's response which can be used as an ongoing monitoring tool. I would be grateful if, in due course, it is completed and returned to me.

	MMENTARY:	
Items in <b>bo</b>	<b>Id text</b> within the body of the report represent my findings in respect of the application of ext in <i>italics</i> represent suggested actions that fall short of being formal recommendation or	Requiring Action
do not nec	essarily pertain to the application of internal controls.	Rec Act
Previous R	ecommendations	
	This is the first Internal Audit report for St Dennis Parish Council undertaken by myself. No prior internal audit reports were available and therefore there are no prior IA recommendations.	
Accounting	g Records	
	The Council utilises Scribe to record financial transactions, expenditure and income	
	appear accurately recorded and a comparison between budget and actual provided. Testing showed them to be up to date and free from material errors.	
	The clerk has arranged for limited access to the accounts for future audit. This has not been used on this occasion	
Financial R	egulations	
	Financial Regulations were last reviewed and adopted in October 2018 and are referenced in the current Standing Orders which were adopted on the 7th May 2019. A supplemental coronavirus amendment was adopted 7th May 2020.	
	Both Financial Regulations and Standing Orders should be reviewed in the 2021/22 year.	x
<b>Payments</b>		
	A sample payment was tested to establish where the spending decision, procurement process, certification and approval for payment were in line with Financial Regulations. VAT was correctly accounted for and payment controls were applied.	
	Authority to spend:	
	It is noted that that Financial Regulations include a small scheme of delegated whereby   the Clerk can authorise emergency expenditure up to £500. This should be   regularly reviewed and updated as required This should be	
		x
	Procurement: No Comment - test appears to identify that the Council follow procurement regulations and standing orders	
	Payments:	
	Payments were not fully tested due to meeting restrictions however analysis identified that they appear free from material error and in line with the existing scheme of delegation.	
	Financial Regulations allow for a Petty Cash Float of £50 however only one transaction from this float was made.	
	VAT: VAT has been recorded correctly and returns submitted.	
Risk		
	Risk Assessment:	

	The Council approved the Risk Management Policy and incorporated Risk Register on the 4th October 2018. Risk Assessment were undertaken.The RMP and RMP and RR documents should be regularly reviewed and updated as required - consideration of this should take place alongside the Council's current Asset Register .	x
	Insurance: The Council has a municipal policy and statutory insurances are in place however level of Fidelity Guarantee (non-negotiable money limit) is low - current set at £250,000. The council should assess this limit and adjust accordingly	
	Community Assets : The comparison of the asset register to the insurance schedule showed no errors. The asset register requires year end update so that the adjusted figure can be included in box 9 of the AGAR. Details of Assets are published on the Council's website.	x
Budget		
	Setting: The Council has set a budget for 2020/21 - 199/19 7th January 2020 and submitted a precept request to the Billing Authority.	
	Monitoring: Regular financial reporting forms part of the Council agenda. Forecasting was undertaken during the year at a 6 month interval. It is recommended that comparison between the budget and actual figures are reported quarterly.	x
Income		
	Income was received in a timely manner and recorded correctly within the accounts.	
	Precept: The precept payment received is in accord with that requested from the Billing Authority.	
	VAT: VAT reclaims are up to date	
	Grants: Grants have been received/paid and recorded within the Council accounts with s137 grants separately recorded.	
Payroll		
	2020/21 pay award and grade structure: The new national pay scales have been accurately implemented and the adjustment to retain the uplift on the minimum wage approved.	
	Officers: Checks identified that payroll is being recorded accurately and statutory supporting deductions and pension payments appear in order.	

Bank Reconciliations	
Bank Reconciliations are regularly undertaken and are reviewed and approved by	
Members when reported to Council.	
Electors Rights	
The Council has met its obligations under the Accounts and Audit Regulations in respect	
of the availability of the accounts for public inspection and for the publication of the	
audited accounts and auditor's report.	
Comments on other matters	
The Council has met its requirements in complying with both the General Data Protection	
Regulations (GDPR) with a publish Privacy Policy and also with recommended practices	
on Accessibility. The clerk is identified as the GDPR officer.	
The Information Commissioners Office sets out guidance relating to the publication of	
documents. This states that any papers mentioned within the Agenda form part of the	
Agenda and should be published. The council should consider if it is meeting its	
publication requirements. For guidance please go to https://ico.org.uk/media/for-	
organisations/documents/1156/minutesandagendas.pdf	
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#### The Council's INTERNAL AUDIT RESPONSE RECORD - St Dennis Parish Council

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
				(for auditor use)
	L REPORT - 2020/21	1		
1.	Financial Regulations were last reviewed and adopted in October 2018 and are referenced in the current Standing Orders which were adopted on the 7th May 2019. A supplemental coronavirus amendment was adopted 7th May 2020. Both Financial Regulations and Standing Orders should be reviewed in the 2021/22 year			
2.	It is noted that that Financial Regulations include a small scheme of delegated whereby the Clerk can authorise emergency expenditure up to £500. This should be regularly reviewed and updated as required			
3.	The Council approved the Risk Management Policy andincorporated Risk Register on the 4th October 2018. RiskAssessment were undertaken.TheRMP and RR documents should be regularly reviewed andupdated as required - consideration of this should take placealongside the Council's current Asset Register .			
4.	The Council has a municipal policy and statutory insurances are in place however level of Fidelity Guarantee (non- negotiable money limit) is low - current set at £250,000. The council should assess this limit and adjust accordingly			
5.	Regular financial reporting forms part of the Council agenda. Forecasting was undertaken during the year at a 6 month interval. It is recommended that comparison between the budget and actual figures are reported quarterly.			
6.	The Information Commissioners Office sets out guidance relating to the publication of documents. This states that any papers mentioned within the Agenda form part of the Agenda and should be published. The council should consider if it is meeting its publication requirements. For guidance please go to https://ico.org.uk/media/for- organisations/documents/1156/minutesandagendas.pdf	,		