

INTERNAL AUDIT REPORT 2021-2022

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Local Council Audit Services Internal Audit
Report
To the Members of Ponsanooth

Parish Council

Year Ending 31st March 2022

Final issue date: 18/06/22
Issued To: Ponsanooth 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 report 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' updated 2021.

Selective testing was conducted, 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 like 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.

Not all matters have been assessed and future IA's will test those omitted in 2021/22.

AUDIT COMMENTARY:

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

| | | Requiring Action |
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| Previous Recommendations | | |
| 19/20 | 1 - Payments - Review of Fin Reg and consider use of Petty Cash | completed |
| 20/21 | 1 - Review Standing Orders | completed |
| | 2 - Consider setting a deminimus level for Assets | x |
| | 3 - Review of publication requirements | x |
| Accounting Records | | |
| The Accounting Records are kept in Excel spreadsheet format and are maintained by Town Clerk/RFO. Testing showed them to be up to date and free from material errors. | | |
| Financial Regulations | | |
| Financial Regulations were reviewed April 21 (it is noted that the Council has adopted the MODEL Financial Regulations and furtuer review should consider if the regulations actually mirror the activites of the Council)- Standing Orders were approved in January 2020 and reaffirmed in October 2021 (supplemented by the adoption of the Remote Meeings Protocol in July 2020) | | |
| Payments | | |
| A sample payment was tested to establish where the spending decision, procurement process, certification and approve al for payment were in line with Financial Regulations. | | |
| Authority to spend: | | |
| It is noted that that Financial Regulations include a small scheme of delegation whereby the Clerk can authorise emergency expenditure up to £500. Payments made under the emergency scheme of delegation allowed by the Coronavirus Bill 2020 were recorded and reported to the Council. | | |
| Procurement: | | |
| Not Tested | | |
| Payments: | | |
| Payments were not tested. It is noted the recording of the transactions within the Council's accounts and the reconciliations of the bank statements are now checked by members and signed. | | |
| The Clerk has confirmed that Petty is not used | | |
| VAT: | | |
| VAT has been recorded correctly and returns submitted. | | |
| Risk | | |
| Risk Assessment: | | |
| The Risk Register and Risk Managment Policy were identified as requiring review in November 2021. Minute 213/21 defers consideration to the following meeting however review of Minutes was unable to identify that this has been done | | X |

Insurance:

The Council has a municipal policy and statutory insurances are in place and Fidelity Guarantee is adequate at £250,000. The Clerk has confirmed that the Asset Register has been updated but this has not been checked.

Community Assets :

The Council could consider setting a deminius level below which items do not need to be included on the register. A suggested amount could be £300.

x

Budget

Setting:

The Council has set a budget for 2022/23 and submitted a precept request to the Billing Authority. This was duly approved by Council minute 234/21 on 8th November 2021

Monitoring:

Regular financial reporting forms part of the Council agenda. The budget is monitored and details of payments made presented.

Income

Review identified that income was received in a timely manner.

Precept:

The precept payment received is in accord with that requested from the Billing Authority.

VAT:

VAT reclaims are up to date

Grants:

Grants towards services have been received and recorded.

S137 and other receipts are recorded correctly

Payroll

2021/22 Pay Scales:

Payment of salary has been made in accordance with the rate applicable

Officers:

The Council employs one officer and checks identified that payroll is being recorded accurately and statutory supporting deductions and pension payments properly recorded and paid.

Checking identifies that the rate of mileage paid is shown as 0.45p per mile which is within the tax free limit.

Bank Reconciliations

Bank Reconciliations are regularly undertaken and are reviewed by Members as part of the internal audit checking -

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Electors Rights

The dates provided in the NOTICE OF PUBLIC RIGHTS do not allow 30 working days for inspection - the end dates should be Monday 26th July. The Council has published the conclusion of audit as required.

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| X |

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 Accessibilty. The clerk is idenfied 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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| X |

The Council reviewed its Grant Policy in April 2021

External Audit recommended that the Council consider a policy regarding the asset valuation of buildings

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| X |