

COPYTHORNE PARISH COUNCIL MEETING – MARCH 8TH 2022

ITEM 15. To receive and approve the Interim Internal Audit Report for Period April 1st 2021 to January 31st 2022

On February 4th 2022 I met with Tim Light, the Parish Council's internal auditor to go through the findings of his Interim Internal Audit Report for the first ten months of the 2020/21 Financial Year.

I am pleased to report that as you will see from his Audit Report attached that there are ***"No formal recommendations from this interim internal audit review"***.

Within the section of the report headed ***"Other matters to be brought to the Council's attention"*** is the following:-

- ***In accordance with proper practices required by the External Auditor, each Invoice should be initialled and dated by the Clerk and the words "checked and agreed" should be used to confirm that an authenticity check has been carried out to confirm the amount to be paid and that goods and services have been delivered. A stamp should be used to record these details.***

I am arranging for a stamp to be purchased for this purpose.

The conclusion of the report reads as follows:-

"Based on the tests we have carried out at this interim internal audit review, in our view, the internal control procedures in operation are adequate to meet the needs of Copythorne Parish Council".

Tim and I have agreed to meet again on May 12th 2022 to go through the final two months of the year and hopefully cover off the required AGAR (Annual Governance and Audit Review) for 2021/22. A provisional date though of April 7th 2022 has also been booked to hopefully complete these tasks earlier.

In the meantime, I would ask you to receive and approve Tim's report appended below which at the time of writing this report was scheduled to be presented to the Finance Advisory Committee meeting on March 4th 2022.

David Rigby
Clerk/RFO, Copythorne Parish Council
February 23rd 2022



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11 February, 2022

The Parish Clerk

Copythorne Parish Council

9 The Cleeves,

Totton,

Southampton,

SO40 8WL

Dear Mr Rigby

Interim Internal Audit Report

Copythorne Parish Council – April 2021 to January 2022

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. We confirm that we are independent of the Council.

The internal audit work we have carried out has been planned to enable us to give our opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2021-22 Annual Governance and Accounts Return.

We have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2021
- The Accounts and Audit (England) Regulations 2015 (as amended).

Background

The Council is not a sole managing trustee.

The Council's accounting records are maintained on Spreadsheets.

The Parish Clerk provided back-up information electronically in advance of the visit to cover the period April 2021 to January 2022 which supports the current governance and financial management position of the Council.

This visit continues to check the internal control systems from the internal audit work done in 2020/2021 and focusses on checking and validating internal control systems in use at the Parish Council including transactional elements of the financial accounts.

Internal audit checks

We have undertaken a series of audit tests on the Council's financial records, vouchers, documents, Minutes, policies, procedures and insurance documentation to ascertain the efficiency and effectiveness of the Parish Council's internal control framework. This internal audit report is based on the audit testing carried out at the review.

During this review we checked the following:

-

Findings

Details of good practice noted, our recommendations and other matters to be brought to the Council's attention are set out below.

Good practice

- The Council maintains its books and records on spreadsheets
- The Clerk is aware of the requirements of GDPR
- The Council is registered with the ICO
- Details of total payments authorised at meetings
- All records were up to date and easy to follow
- The budgeting process is detailed and thoroughly monitored throughout the year
- The Reserves of the Council are detailed and recorded
- Bank reconciliations are carried out promptly each month and were accurate
- The Council takes an active scrutiny role
- The Insurance is appropriate for the size of the Council
- Salary payments to the Clerk are correctly calculated.
- The Council comply with the Transparency Code Regulation 2015.

Recommendation

- There are no formal recommendations from this interim internal audit review.

Other matters to be brought to the Council's attention

- The VAT reimbursement claim has submitted on the 27 January 2022 to HMRC for the period April 2021– December 2021.
- We are pleased to report that the Council have maintained its legal obligation to ensure that all Minutes of Meetings are signed or initialled where a wet signature is required to be completed on Minutes.
- In accordance with proper practices required by the External Auditor, each Invoice should be initialled and dated by the Clerk and the words "checked and agreed" should be used to confirm that an authenticity check has been carried out to confirm the amount to be paid and that goods and services have been delivered. A stamp should be used to record these details.
- It should be noted that the External Auditor has highlighted in 2020/2021 that any authority which receives income in respect of an insurance claim against expenditure during the year should not account for it as a receipt but should be netting it off against the relevant expense. Whilst the Practitioners' Guide is silent on the matter, the External Auditor's view is that the true cost to the authority should be shown on a net basis. Accounting on a gross basis inflates the gross income and gross expenditure of the authority and can push the authority into a higher fee band than it would otherwise be in. The Joint Practitioners Audit Group (JPAG) and the External Auditor are continuing to discuss this issue to agree a definitive proper practice which will be included in the updated version of the Practitioners Guide 2022.

- The Council have provided evidence of the posting date for the Exercise of Public Rights in 2021 and will be able to tick “Yes” to Assertion 4 on Section 1 (Governance Statement) of the AGAR 2021/2022 to comply with the requirements of the Accounts and Audit Regulations 2015. We will also be able to tick “Yes” to Control Objective M on the Annual Internal Audit Report 2021/2022.
- We note that the risk assessment for 2021/2022 will need to be approved by full Council by 31 March 2022. We understand that this will be presented for approval at the Parish Council meeting on the 8 February 2022. Once this is completed, we will be satisfied that the Council can tick “Yes” to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2021/2022 to comply with the requirements for the External Auditor. We will then tick “Yes” to Control Objective C on the Annual Internal Audit Report 2021/2022. The 2021/2022 Risk Assessment should then be uploaded on to the Council website for information.
- The Council have reviewed and approved the Asset Register in May 2021 to meet the requirement that it must be Minuted at a Full Council Meeting before the 31 March 2022. However, the Clerk will be updating the Asset Register to record new purchases and disposals for 2021/2022 and represented and approved by the Council before the 31 March 2022. Once this is completed the Council can tick “Yes” to Assertion 6 on the Annual Governance Statement on the AGAR 2021/2022. We will be able to tick “Yes” to Control Objective H on the Annual Internal Audit Report 2021/2022.

Conclusion

Based on the tests we have carried out at this interim internal audit review, in our view, the internal control procedures in operation are adequate to meet the needs of Copythorne Parish Council.

Next review

The next internal audit review has been arranged for **Tuesday 12 May 2022**.

At this review detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- VAT claims
- Asset Register
- Website Accessibility Statement 2018
- End of Year Procedures

Next Steps

This report should be noted and taken to the next meeting of the Parish Council.

Tim Light FMAAT
Internal auditor