

To: Buckland Brewer Parish Council

## **Internal Audit Report for the Financial Year ended 31 March 2021**

I have completed the internal audit of the Council's systems of Financial and other controls over its operating procedure and activities. Due to the current situation with Covid-19, the internal audit was undertaken remotely.

Paper copies and electronic copies of all relevant documentation and records were provided by the clerk.

I have met the clerk on two occasions in person and have been in email communication to clarify queries pertaining from the audit. The internal audit has been carried out in line with proper practice set out in the Governance and Accountability for Smaller Authorities in England (the Practitioner's Guide).

### **Audit Approach**

- Review system of internal control
- Review adherence to the financial regulations of the Council
  - Authorisation of payments
  - Direct Debit Mandates appropriately authorised.
  - Changes to salaries are correctly approved and minuted.
- Sample test expenditure and income items from the receipts and payment account 2020/21; checking supporting documentation (invoice, Council minutes etc) through to the bank account.
- Ensure annual budget setting process is robust, timely and is approved by Council.
- Check performance against budgets is reported regularly to Council.
- Annual Governance Statement
- Website is clear and in good order – in particular Annual budgeting, in year budget monitoring and receipts and payments transactions are available to view.
- Check PAYE is calculated correctly, and deductions are paid over to HMRC
- Check bank reconciliations.
- Check VAT accounted for correctly
- Asset Register
- Review Risk Management

### **Audit Finding**

- Review system of internal control
  - Statement of Internal control statement updated and approved on 6<sup>th</sup> June 2021.
- Adherence to Financial regulations of the Council
  - A sample of cheque stubs were checked to ensure that they had been appropriately initialled; one of the cheques stubs had not been initialled. However with the absence of in person meeting difficulties due the pandemic issues in this regard do not give overdue cause for concern.

- Changes to the Clerk salary were found to have been correctly actioned and minuted.
- Sample testing income and expenditure items from the receipts and payments account
  - A sample of expenditure items were checked to supporting documentation and also to the bank account, no discrepancies were found.
  - All income items detailed on the receipts and payments account were checked to the bank account and found to have been correctly accounted for.
- Annual Budget Setting
  - Documentation for the annual budget 2020/21 was found to be adequate and approval was minuted at Council
- Reporting Performance against budget
  - Regular reviews of the budget position were presented to Council throughout 2020/21
- Annual Governance Statement
  - The Annual Governance statement was completed and approved by Council on the June 9 2021.
- Website
  - The website was clear and in good order, with policies and agenda minutes uploaded in a timely fashion. The minutes of the 23 July 2020 refer to appendix 3 & 4 (list of payments and receipts) but these appendices were not uploaded on to the website. Receipts and payments were documented within other minutes published on the website.
- PAYE
  - PAYE deductions were checked and traced through to the bank statements, all deductions were found to be in order and payments correctly passed onto HMRC
- Bank Reconciliations
  - The balance on the Council's three bank accounts were regularly reported to Council throughout the year.
  - The bank reconciliation as at 31 March 2021 was found to be in order
- VAT
  - VAT has been found to have been properly accounted and reclaimed.
- Asset Register
  - There were no purchases requiring additions to the asset register

- Risk Management
  - Insurance cover was found to in place and is considered adequate.
  - The Council publishes its Risk register on line
  - The level of reserves is adequate and clearly demarcated.
  - IT security software subscription is in place
  - The Council is registered with the Information Commissioner's Office
  - Risk assessments were undertaken and documented in response to the Covid-19 pandemic.

#### Summary of recommendations

- In the interest of transparency all approved receipts and payments should be published with the Council's minutes
- The annual budget for 2021/22 whilst approved by Council was not published on the Council's website. In the interest of transparency it is recommended that they are published.
- The Council Financial Regulations state (9.3) "The council will review all fees and charges at least annually, following a report of the Clerk.". This is erroneous the fees and charges are reviewed every 5 years it is recommended that the Financial Regulations are updated accordingly.

It is my opinion, that within the sampling I have undertaken and checked, the system of internal controls are followed and are effective. Accounting records are properly recorded and consequently in my opinion the financial statements presented represent a true and fair of the Council's expenditure and income position at 31 March 2021.

David Heyes

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