

# **TOLLESHUNT D'ARCY PARISH COUNCIL**

## **INTERNAL AUDIT REPORT 2022 / 2023**

**M Howard (F.C.P.F.A.)  
Internal Auditor  
May 2023**

**CONFIDENTIAL**

## **Introduction**

I have now examined the records for 2022/2023 using, as the basis of my review, the internal control objectives required by the external auditor as part of the Annual Return. I would like to take this opportunity to express my appreciation to Mrs. Michelle Curtis for her assistance and for the straight forward and helpful way with which she presented the Council's procedures and records.

## **Findings**

**A summary of the Annual Return control objectives, together with my findings and recommendations are listed below:**

### **A. Control Objective**

**Appropriate books of account have been properly kept throughout the year.**

#### **Finding**

During the year a computerized accounting system, called "Alpha" was operated and together with payroll software has been used to record the Council's financial transactions for 2022/23. During my audit I was able to check that the transactions were consistent with those recorded by the bank, in the year end accounts and the Annual Return.

At the year end these systems provided the information required in the annual accounts prepared by the Clerk for the latest Annual Return.

### **B. Control Objective**

**The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT appropriately accounted for.**

#### **Finding**

The Council's Standing Orders and the Financial Regulations were reviewed in May 2022.

During 2022/23 payments were supported by invoices, expenditure was approved, authority for payments were all recorded and VAT appropriately accounted for. At the 31<sup>st</sup> March 2023 all VAT paid had been reclaimed or accounted for.

### C. Control Objective

**The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

#### **Finding**

The risk assessment was reviewed and approved by the Council on the 26<sup>th</sup> April 2022.

In March 2019, a new "Practitioners Guide" regarding Governance and Accountability for Local Councils was published with changes to the external audit requirements, including those relating to Risk Assessment.

The Risk Assessment and Management document approved by the Council in April 2022 follows the approach recommended in the Practitioners Guide.

### D. Control Objective

**The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored and reserves were appropriate.**

#### **Finding**

The annual precept requirement did result from an adequate budgetary process. Progress against the budget and reserves was regularly monitored during 2022/23.

### E. Control Objective

**Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.**

#### **Finding**

The receipts received during 2022/23 other than the £21,514 precept were:

- £6,950 Rent of Pavilion
- £3,203 Burial Ground fees.
- £225 Pitch Fees

In addition, £866.07 VAT was received in the period ended 31<sup>st</sup> March 2022 and £1528.15 for the period ended 30<sup>th</sup> September 2022. A further £685.77 was outstanding as at the 31<sup>st</sup> March 2023 for the period 1<sup>st</sup> October 2022 to 31<sup>st</sup> March 2023.

**F. Control Objective**

**Petty Cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.**

**Finding**

There is no petty cash.

**G. Control Objective**

**Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.**

**Finding**

I have been provided with the new contract of employment for the Clerk following her November 2022 upgrade. During 2022/23 she has been paid consistent with the current contract and previous contracts of employment before the upgrade agreed by the Council in November 2022.

In addition, the Clerk was paid £308.00 for burial ground duties, although £22 paid in June 2022 was not correctly coded.

I was able to verify that all PAYE and NI requirements were met during 2022/23 but identified a few minor issues.

The PAYE year end returns have been submitted to HMRC by the Clerk.

**H. Control Objective**

**Asset and Investment registers were complete and accurate and properly maintained.**

**Finding**

I have examined the Register of Assets provided for audit examination which includes insurance valuations which can be reconciled with the insurance policy.

The Value of Assets on the Annual Return at the 31<sup>st</sup> March 2023 is £223,502 which is consistent with the 2022 asset register.

External Audit guidance has changed again regarding how Local Councils should value their assets. This does not require any changes for this year but there may be advantages in reviewing the Council's arrangements before March 2023.

**I. Control Objective**

**Periodic and year end bank account reconciliations were properly carried out.**

**Finding**

Bank reconciliations were carried out throughout the year and the reconciliation as at the 31<sup>st</sup> March 2023 was formally recorded and verified during the audit.

**J. Control Objective**

**Accounting statements prepared during the year were prepared on the correct accounting basis, agree with the cash book, and were supported by an adequate audit trail from underlying records.**

**Finding**

The Accounting statements prepared during the year were prepared on a receipts and payments basis, they agree with the cash book, and are supported by an adequate audit trail from underlying records.

**K. Control Objective**

**If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the criteria and correctly declared itself exempt.**

**Finding**

In 2021/22, the Council did not exempt itself from a limited assurance review..

**L. Control Objective**

**The authority publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the transparency code for smaller authorities.**

**Finding**

The Information can be found on [tolleshuntarcy.org](http://tolleshuntarcy.org).

**M. Control Objective**

**The authority during the previous year (2021-22) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations**

**Finding**

I have a copy of the 2021/22 Notice of "Public Rights..." and viewed it on the current website.

**N. Control Objective**

The authority has complied with the publication requirements for 2021/22 AGAR.

**Finding**

I can confirm these requirements are being complied with on the current website.

I would draw the Council's attention to the publication requirements for the 2022/23 AGAR, particularly those which must be complied with by the 1<sup>st</sup> July 2023.

**O. Control Objective**

**Trust funds (including charitable). The council has met its responsibilities as a trustee.**

**Finding**

Not Applicable.

**Recommendations**

With reference to the above findings, I recommend that the Council speedily progress the following-

- Confirm approval of the internal audited AGAR Accounting Statement
- The requirements regarding the website including the transparency code, are fully complied with by the 1<sup>st</sup> July 2023 and that this is recorded formally in the Councils Minutes.

**Opinion**

After extensive checking of the Council's records and accounts, I have found the systems to be sound. During the year 2022/23 the procedures and processes required by the external auditor have been improved by the Clerk and operated effectively.

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**M. G. Howard F.C.P.F.A**

**29<sup>th</sup> May 2023**