

Annual Internal Audit Report 2019/20

STUDLAND PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2020.

The internal audit for 2019/20 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. *		✓	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. *		✓	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/A		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied. *		✓	
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out. *		✓	
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. *			✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

12/06/2020

DD/MM/YY

DD/MM/YY

Name of person who carried out the internal audit

Mrs R Darkin-Miller LLB(Hons) BFP FCA

Signature of person who carried out the internal audit



Date

22/06/2020

*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed). * PLEASE SEE ATTACHED NOTE

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Test C: Risk Management

The Council did not carry out its annual review of risk during the financial year. There is a danger that a failure to adequately review and assess the risks facing the Council will result in additional costs and a failure to achieve the Council's corporate objectives. The Clerk confirmed that the review was carried out in May 2020.

Some of the minutes from the meetings of Council and its Committees are missing from the Council website (for 2019/20). There are also gaps in the 2017/18 set of minutes on the Council website.

Test D: Budgetary Control

I was unable to obtain a copy of the 2019/20 budget working papers (to confirm the value of the precept set for 2019/20), and the related minute in January 2019 notes that 'the budget and the precept are increased by the estimate forecast of RPI for 2019/20 of 3.0%'. I was unable to find any minutes from the 2018/19 budget setting process to confirm the base precept value to which the 3% should have been applied.

The Council prepared a budget for its 2020/21 precept, but the related Council minute did not clearly set out what the precept demanded was (reference was made to a 'counter proposal...for a 2% decrease in the precept charge per property). No budget monitoring took place in the first half of the year, but reports have been made monthly to Council since November 2019. The budget reports do not currently contain any commentary in relation to significant over- or under-spends, or a note of any corrective action being taken: it is recommended that this be included.

Test G: Payroll

The Council employed two Clerks over the course of the year. During the audit testing, I was provided with an unsigned contract for the first Clerk, but was advised that no contract is in place for the second Clerk. The hourly rate has been confirmed in writing for the second Clerk, but the number of hours per week or month has not been confirmed in writing. Employers are legally required to issue a detailed written statement of particulars within 2 months of an employee starting work. It is good practice to issue a contract of employment in order to ensure that contract terms and conditions, and roles and responsibilities, may be agreed in writing. In addition, the Clerk as RFO should have a formal list of duties (as appended to the contract) in order to ensure that statutory responsibilities under s.151 of the Local Government Act 1972 have been identified for action.

Test I: Bank Reconciliation

Bank reconciliations appear to have only been carried since November 2019 (month 8) following the arrival of a new Clerk. As a result, it is not possible to assert that bank reconciliations were carried out regularly and in a timely fashion. Note that since November 2019, bank reconciliations have been carried out monthly, and that the year-end reconciliation was completed by working day 15 of the following month.

Test L: Public Rights

The External Auditor has set out that, in order to pass this test, a Council must be able to demonstrate via its website audit trail that all required information was uploaded the day before the public rights period commenced, and that the information remained on the website for the duration of the period. The Council's website was unable to provide this information. I have, therefore, assessed the test as 'not covered'.



R Darkin-Miller LLB (Hons) BFP FCA 22/06/20