

**INTERNAL AUDIT REPORT  
2020/2021 - ANNUAL RETURN  
WHEATLEY HILL PARISH COUNCIL**

**1. Background**

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. The AGAR is made of 3 sections along with an annual internal audit report. which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion of the Parish Council's internal controls
- 1.3. CDALC have provided Councils with a checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

**2. Objectives of the Audit**

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

**3. Scope of the Work and the areas of Audit Work examined**

- 3.1. The Scope of Work covers the ten key control tests identified in the AGAR, only nine of these were examined, as Wheatley Hill Parish Council does not have any petty cash.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:
- Payroll
  - Creditors (including postage book)
  - Risk Management
  - Income collection and Banking arrangements
  - Accounting records,
  - Assets
  - Debtors
  - Budgetary Control (including year end procedures)

3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with her.

#### **4. Findings**

##### **4.1. Payroll**

4.1.1. The Parish Council has 3 employees who work standard hours and are paid in line with NJC paycales, and 2 Councillors who are paid allowances.

4.1.2. Payroll information is processed by J.A.C.S. (Accountancy Services) who provide payslips and payroll information which allows the Clerk to pay all employees and also pensions and N.I payments by B.A.C.S. through the Council's bank account. All payments are confirmed by Councillors during the accounts paid procedure each month.

4.1.3. All payroll information was checked for the year and was processed correctly, and the amounts were found to be correctly paid in the Council's bank account

##### **4.2. Creditors/Accounts Payable**

4.2.1. There is no separation of duties at Wheatley Hill Parish Council as the Clerk is the only Officer responsible for Finance and Administration. Compensating checks are carried out by the Members and Financial Regulations outline the system which is to be followed.

4.2.2. Cheques for payment are normally prepared by the Responsible Finance Officer (Clerk) and together with the relevant invoices are presented to the Council each month. The cheques are checked to the invoices and signed by the Clerk and 2 of the Members, who all sign the cheques stubs.

During the Pandemic, a protocol was agreed which delegated authority to the Clerk, in consultation with the Chair and Vice Chair to ensure continuous business of the Council, therefore all payments were to be made by internet banking, with Members having the opportunity to view invoices at the meetings (via Zoom) where there is a record of all the payments.

4.2.3. I have checked all payments amounts and the associated records for the year and these were found to be properly recorded in the Receipts and Payments book.

4.2.4. All donations paid had been agreed by the Council prior to payment being made and were properly recorded as Section 137 payments in the Receipts and Payment book.

4.2.5. Although there is no petty cash held by the Council there are payments made to the Clerk and the Groundsperson for any expenses when necessary and receipts are held for all expenditure.

4.2.6. All purchases and issues of stamps are recorded in a postage book and this was found to be properly recorded and the balance of stamps (5) in hand confirmed, at

the time of the audit.

- 4.2.7. Any quotes for contract renewals are submitted and agreed by Members and recorded in the minutes.

#### **4.3. Governance Arrangements**

- 4.3.1. The Council has adopted the Risk Management Code of Corporate Governance, which details a framework on how the Council takes decisions, controls its functions and achieves its objectives.

The Risk Management Policy and Strategy was reviewed and approved at the Council Meeting in April 2021, along with a review of Financial Regulations and Standing Orders and other Council procedures and policies.

- 4.3.2. The Clerk places risk management item on the Council's agenda every month.
- 4.3.3 The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control. I understand that this is approved with the statement of accounts.
- 4.3.4. There appears to be adequate insurance cover for all assets of the Council, with a 3-year agreement entered into with the insurance company.
- 4.3.5. The announcement of the public rights for 2019/20 was dated 12 May 2020 with the inspection of the accounts available between the 18 May until 29 June 2020.

#### **4.4. Income collection and Banking arrangements**

- 4.4.1. All Income received is banked through a paying in book and is given a receipt number, which is recorded in the Receipts and Payments Book.
- 4.4.2. All income can be traced to either the duplicate cemetery receipt book or the allotments receipt book, and the Council's paying in book.
- 4.4.3. I examined all the income records for the year and confirmed that all income had been received, promptly banked, and properly recorded in the Receipts and Payments book.
- 4.4.4. Vat is recorded in the cash book and is claimed annually. Vat refund had been received for 2019/20 on the 19 May 2020 and was found to be correct. The claim for 2020/21 is to be received.
- 4.4.5. There are 2 bank accounts held by the Council:

Instant Access Account - This account is used to hold monies belonging to the Parish Council to obtain a high interest rate, and also to transfer amounts to and from the current account.

Current account - Used for paying all expenditure and paying in income.

4.4.5. I agreed the reconciliation of the bank statements at the end of the year to the Receipts and Payments book closing balances as at 31 March 2021.

4.4.6. Cemetery, allotment and stable block fees are reviewed as part of the budget process.

**4.5. Accounting Records**

4.5.1. All Receipts and Payments were properly recorded and the Clerk carries out regular bank reconciliations, which are submitted to Members monthly, with bank statements examined by the Members.

**4.6. Security/Assets**

4.6.1. I understand that the register of assets is reviewed every year by the Clerk with the Head Groundsperson and is considered as part of the statement of accounts.

**4.7. Debtors**

4.7.1. There are no accounts raised for debts as Debtors either pay by cash or a cheque is received for work/service carried out.

**4.8. Budgetary Control**

4.8.1. The budget was initially discussed by a Parish Council meeting on the 7 December 2020 and the detailed budget and precept being agreed on 11 February 2021. The annual budget was prepared to support the precept.

4.8.2. At every Council meeting, Members are provided with details of Receipts and Payments reports, which also details the financial position in comparison to the budget.

**5. Conclusions**

5.1. All of the key controls contained within the internal audit section of the AGAR were examined and these were found to be working satisfactory.

**6. Recommendations**

6.1. There are no recommendations.



**Gordon Fletcher (C.M.I.I.A.)  
Internal Auditor  
Date: 28<sup>th</sup> April 2021**