

INTERNAL AUDIT REPORT 2022-23 MORETON SAY PARISH COUNCIL

1 INTRODUCTION

Dear Councillors,

As the Council's Internal Auditor I have independently carried out an examination of areas which meet the internal control objectives as listed on the Annual Internal Audit Report (AIAR) of the 22/23 Annual Governance and Accounts Return (AGAR) for the year ended 31st March 2023.

The audit has been carried out remotely using a risk assessment basis approach and examines the Council's compliance with its relevant procedures and controls in operation through a review of the evidence of these controls. The AIAR on page 3 of the AGAR; was then completed.

2 OVERALL

The standard of administration and system of internal controls relating to the audit areas examined throughout the financial year were considered to be of a high standard and meet the needs of the Council and those recommended in the JPAG Practitioners' Guide 2022. Council's gross total payments have breached the £25,000 limit this year and therefore the Council will no longer be eligible for an exemption from a limited assurance review by external audit.

Findings on pages 2-4 supports the above statement.

A sample review of Council meeting minutes confirmed that the Council was quorate when it met and that council decisions were clearly recorded. Reliance was placed on the Council's website during the audit which was found to be both informative and up to date.

I would like to thank the Clerk for her patience in scanning in and presenting records which have assisted the internal audit process. Should councillors have any queries with this report please do not hesitate to get in touch.

Regards,

S D Hackett

SDH Accounting & Office Services
Date 19/04/23

E sdhaccts@icloud.com

T: 07970 698094

3 INTERNAL AUDIT DETAILED FINDINGS – MORETON SAY PARISH COUNCIL 2022/23

Key Control Objective	Findings	The key control objective has been satisfactorily achieved?
<p>A. Appropriate accounting records have been properly kept throughout the financial year.</p>	<p>The primary accounts record examined 1-4-22 to 31-3-23; (i.e. the excel receipts and payments ledger) was found to be comprehensive, accurate and complete providing a full audit trail to documents, council minutes, and powers. The opening balance was agreed to the previous year's AGAR closing bank balance and detailed testing of a sample of transactions per the accounts supports its accuracy. (See B & E & I below.)</p>	<p>Yes</p>
<p>B. Council complied with its financial regulations, payments were supported by invoices/vouchers, all expenditure was approved and VAT was appropriately accounted for.</p>	<p>A sample of 6 payments were agreed between the Council minutes, payments ledger and bank statements. A further 5 were selected from bank statements and agreed to the payments ledger and Council minutes. All were supported by invoices/receipts/pay slips. Payments are now made online; the RFO sets up payment details and two of the four councillors set up to authorize payments log into the bank's system following the Council meeting to authorize payments having been provided with copies of the invoice. VAT was found to be appropriately accounted for within the accounts and Financial Regulations were complied with. Powers supporting payments made are recorded in the Payments Ledger.</p>	<p>Yes</p>
<p>C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>The Council's risk assessment schedule was last reviewed and adopted by Council in May 2022. Financial Regulations and Standing Orders were also adopted at the same meeting. Good internal financial control checks have been routinely carried out by an independent councillor. The Council mitigates risk through its insurance policy with BHIB and via physical inspection of its assets..</p>	<p>Yes</p>
<p>D. The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored by the Council; and reserves were appropriate.</p>	<p>Budget Monitoring -The Clerk/RFO regularly provides detailed quarterly monitoring reports to council members, as required by Financial Regulations. Budget Setting 2022-23 – The Clerk/RFO presented a draft budget at the Council's December'22 meeting. It was agreed in principle and adopted at the Council's Jan 2023 meeting (Outturn £10,700 with additional sum for</p>	<p>Yes</p>

	<p>memorial bench to be added). Council also resolved that a Precept of £13,178 be requested with projects being funded from reserves.</p> <p>Reserves – The closing balance as at 31/3/23 was £13,301; which is equivalent to an average year's spend and reflects the additional spend incurred in 22/23 due to CIL project.</p>	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	A precept receipt of £12,947 and CIL grant £5,264 were agreed to the bank statement. (No remittances had been issued by Shropshire Council). The precept was also agreed to the previous year's Council decision and request. Two VAT refunds were also received during the year totaling £3,190.	Yes
F. Petty Cash has been properly accounted for.	None held	Yes; as not applicable
G. Payroll – Salaries to employees and allowances to members were paid in accordance with the authority's approvals and PAYE & NI requirements properly applied.	<p>All pay calculations are processed using HMRC RTI software and approved by Council. These were found to be accurate and in agreement with the Clerk's contract, Council decisions and National Pay Scales. Periods 6 and 9 payments were checked in detail.</p> <p>Back pay due as a result of a national pay award being agreed in year and back dated to 1/4/22 was found to be correctly processed.</p> <p>No allowances have been paid to members.</p>	Yes
H. Asset and investment registers were accurate and properly maintained.	<p>The Asset Register as at 31/3/23 has been updated to reflect asset purchases (e.g. 2 new notice boards & printer) and disposals. Assets are valued as per JPAG guidance.</p> <p>No investment register is required.</p>	Yes
I Periodic Bank Reconciliations were properly carried out during the year	Evidence was sighted in the minutes of monthly bank reconciliations being resented by the Clerk/RFO to Council and checked by an independent councillor to bank statements. Q2 & 4 bank reconciliations were re-performed by the auditor and found to be correct; Q2 bore evidence of having been checked by a councillor.	Yes
J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	<p>The AGAR and yearend accounting statement for the year has been prepared accurately on a receipts and payments basis, agrees with the cash book, bank reconciliation and Fixed Asset Register.</p> <p>Sample testing (above) supports that the audit trail to underlying records is adequate.</p>	Yes
K The Council appropriately certified itself as exempt from a limited assurance review by external audit of the 21/22 AGAR during the 22/23 accounting year.	The Council appropriately certified itself as exempt from a limited assurance review by external audit at its May'22 meeting, when the appropriate 2021/22 Exemption Certificate was completed and approved. (Website documentation examined 6/3/23.)	Yes

L. Council publishes information on a website/webpage up to date at the time of the internal audit, in accordance with relevant legislation.	The Council's website was found to be both informative, up to date and meets legal requirements. (Examined 6/3/23.)	Yes
M During 22/23 Council correctly provided the proper opportunity for the exercise of public rights relating to the 21/22 AGAR in accordance with Accounts and Audit Regulations.	The appropriate Notice for the Exercise of Public Rights and AGAR and associated paperwork were found on the Council's website; having been published on 30/5/22. (Examined 6/3/23.)	Yes
N. The Council has complied with the publication requirements for the 2021/22 AGAR	All relevant 21/22 AGAR documentation was found on the Council's website, published on 30/5/22. (Examined 6/3/23.)	Yes
O. Trust funds – the Council has met its responsibilities as a trustee.	The Council is not the sole trustee of such a fund.	Not Applicable.

SDH Accounting Services

Date 19/04/23