

Annual Internal Audit Report 2020/21

CHILD OKEFORD PARISH COUNCIL

<https://childokeford.org/parish-council/> / AVAILABLE WEBSITE / WEBPAGE ADDRESS

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 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	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 bank account reconciliations were properly carried out during the year.	✓		
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 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")	✓		
L. 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. †		✓	
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set). *		✓	
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes). *		✓	
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

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

Name of person who carried out the internal audit

23/06/2021

DD/MM/YYYY

DD/MM/YYYY

Mrs R Darkin-Miller LLB(Hons) BFP FCA

Signature of person who carried out the internal audit



Date

25/06/2021

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**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

I checked to see that the Council minutes record the Council carrying out an annual risk assessment. The minutes record the consideration of the financial risk assessment in July 2020, but the Clerk noted that the review and approval of the full risk assessment was omitted in error due to lockdown disruption and the transition between Clerks. The Accounts and Audit Regulations 2015 require that the Council must review the risk assessment each year, and that the findings of the review must be considered by members of the authority meeting as a whole. As this was not done, I have assessed this test as a 'fail'.

Test G – Payroll

I checked to see that PAYE/NIC had been properly operated by the Council as an employer. I found that the Council has a PAYE scheme, and that the Clerk uses HMRC payroll tools to run the payroll and file the required reports. However, I noted that during the year the Council engaged an interim Clerk who was paid on a monthly timesheet, but whose pay was not processed through the payroll. The Clerk confirmed that the employment status of the interim Clerk had not been checked to ensure that the terms and conditions were such that the worker would have been classified by HMRC as a self-employed contractor rather than as an employee. The Council as employer is required to make that assessment, and will be liable for the PAYE/NI due in relation to the worker if they incorrectly assess someone as self-employed when they are an employee. As the Council did not make the appropriate assessment of its worker, and may have failed to properly account for PAYE/NI, I have assessed this test as a 'fail'.

Test L – Transparency

I checked to see that the Council was compliant with the Smaller Council Transparency Code 2015 disclosure requirements. I found that some of the disclosure requirements were in place, but that a number of disclosures appeared to be missing at the internal audit date. The Council is required to publish:

- The bank reconciliation and explanation of variances over 10-15% year on year in relation to the previous year's accounts.
- Details of how weaknesses will be addressed for any 'no' answers contained in the Annual Governance Statement or Annual Internal Audit Report.
- Details of public land and building assets

These were not on the website when I checked it on 24/06/21. As a number of the required documents were not published at the date of the audit, so I have assessed this test as a 'fail'.

Test M - Public rights

I checked to see that, during the summer of 2020, the authority correctly provided the proper opportunity for the exercise of public rights as per the Accounts and Audit Regulations 2015. I found that the Council's website contained a link to the 'Conclusion of audit and public access 2020', which brought up a notice that the audit for 31/03/20 was completed on 09/7/20, and that the accounts will be made available during the period 20/07/20 to 28/08/20. Whilst the period runs for 30 working days, the form of the notice used was incorrect: the Council is exempt from external audit, so cannot claim that the audit has been concluded. The correct form was available on the external auditor's website, and contains a note of their contact details in the event that electors need to contact the appointed auditor. I have, therefore, assessed the test as a 'fail'.

Test N – Publication

I checked to see that the authority complied with the publication requirements for the AGAR 2019/20. Before 01/09/20, the Council was required to publish:

- Certificate of Exemption 2019/20, page 3
- Annual Internal Audit Report 2019/20, page 4
- Section 1 – Annual Governance Statement 2019/20, page 5
- Section 2 – Accounting Statements 2019/20, page 6
- Analysis of variances
- Bank reconciliation
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

The requirement for internal audit to check the publication was not notified to internal auditors until the end of March 2021. The Council has no website audit trail, so I was unable to confirm that the required information had been published before the due date. At the date of the 20/21 internal audit, 24/06/21, I was able to confirm that the first 4 items on the list were published on the website, but that the latter three were not.

External audit confirmed in April 2021 that, in the absence of a website audit trail, screenshots are now considered acceptable evidence of publication dates. As evidence indicates that the Council did not comply with the publication requirements, I have assessed the test as 'fail'.



R Darkin-Miller LLB (Hons) BFP FCA 25/06/21