

# **DENE VALLEY PARISH COUNCIL**

## **INTERNAL AUDIT REPORT**

### **2022/2023 Annual Return**

#### **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. Where the higher of gross income or gross expenditure was £25,000 or less, a council can certify themselves as exempt from a limited assurance review, and complete part 2 of the AGAR. The AGAR for part 2 is made of 2 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. Dene Valley Parish Council completes its certificate of exemption and part 2 of the AGAR when agreeing the statement of accounts.
- 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, during the year.

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

- 3.1. The Scope of Work covers the key control tests identified in page 3 of the annual return, with a follow up on the recommendations from the previous internal audit report carried out.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit for the financial year 2022/2023.
- Payroll
  - Creditors (including any petty cash)
  - Risk Management/Governance arrangements
  - Income collection and Banking arrangements
  - Assets
  - Debtors
  - Budgetary Control (including year end procedures)
  - Exercise of Public Rights for 2021/22
- 3.3. The audit findings of this report have been discussed with the Parish Clerk and any audit recommendations have been agreed with him.

#### **4. Findings.**

##### **4.1 Payroll**

- 4.1.1 The Parish Council has 1 employee (Parish Clerk) who works agreed hours per week.
- 4.1.2 Payroll service is provided by Autela Payroll Services, who receives e. mails form the Clerk of any additional hours or mileage to be paid. I understand that the Parish Councilors' are aware of any additional hours and mileage claimed each month, where the salary information is examined during the

signing of the payment's procedure.

- 4.1.3. Having an external payroll provider is a very good internal control for the Council and I examined the payroll information for the financial year 2022/2023 which appears reasonable.

#### **4.2. Creditors (Accounts Payable)**

- 4.2.1. The Clerk records all expenditure on a spreadsheet showing, date, details, Cheque number Amount, vat and total of payment, with a running balance of expenditure shown monthly. All payments (invoices) for the Parish are presented at the Parish Council meeting for confirmation and approval, with the cheque number recorded on the invoice, any expenses claimed are recorded on a sheet with receipts attached.
- 4.2.2. There is no separation of duties at Dene Valley Parish Council as the Clerk is the only Officer responsible for Finance and Administration. However, compensating checks are carried out by Members who have the opportunity to check the invoices. A Councilor and the Clerk sign the cheques.
- 4.2.3. On examining the spreadsheet of payments and the invoices for the year, all were found to be correctly paid with no queries.

#### **4.3. Risk Management and Governance arrangements**

- 4.3.1. The Council has a Risk Management Policy, which is reviewed and approved at the AGM (last reviewed 10th May 2021). I understand that this was reviewed at the 9<sup>th</sup> May 2023 meeting. The Parish Council has a very small budget with only 1 employee and its risks are considered to be low.
- 4.3.2. The Council has Standing Orders and Financial Regulations and were last approved at the 10<sup>th</sup> May 2021 AGM. I understand that these were reviewed at the 9<sup>th</sup> May 2023 meeting.
- 4.3.3. An effectiveness of internal control report was completed for 2022/23 and I understand is to be reported at the next Council meeting.
- 4.3.4 I could not confirm that the exercise of public rights for 2021/22 was available for inspection.

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

- 4.4.1. Income is received from the precept, allotment rents and vat refund.
- 4.4.2. Income from allotment rents is received April may and June is recorded on a spreadsheet showing date, detail, amount, paying in slip number and a running balance of income shown monthly. Vat refund was received by the Council in September 2022.
- 4.4.3. I examined all the income for the year and confirmed that all income had been received, promptly, banked and recorded. No vat claim was submitted for the year.
- 4.4.4. There are 2 bank accounts held by the Council with Bank Reconciliations carried out monthly (using the above income and expenditure spreadsheet) and reported to Council with the bank balances and the bank statements being available for members to view, with the Chair confirming the balances.

#### **4.5. Accounting Records**

- 4.5.1. The Council records its income and expenditure (showing vat where appropriate) on spreadsheets which is adequate for a small Parish Council.
- 4.5.2. The accounts reconciled as at 31<sup>st</sup> March 2023.

#### **4.6. Security/Assets**

- 4.6.1. The Council does not have any assets, however, the Council maintains allotments and a Play area, which they do not own.



**4.7. Debtors**

4.7.1. There are no accounts raised for debts to the Council.

**4.8. Budgetary Control**

4.8.1. On examining the minutes of the Council, it appears that no budgetary control reports were submitted to the Council until the budget setting process, although details of income and expenditure with bank reconciliations are approved. This is satisfactory for a Council with a very small budget.

4.8.2. The precept was discussed, reported and agreed at the Parish Council meeting on the xxx with a budget agreed for the year 2023/2024, which included a review of fees and charges for the allotments for the coming year. The annual budget was prepared to support the precept.

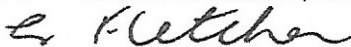
4.8.3. The Council does not have a Medium Term Financial Plan as with only having a small budget and small reserves it only plans from one year to the next, however, projects are considered at the budget meeting.

**5. Conclusions**

5.1. The internal controls are satisfactory for the size of the Council, with 1 recommendation so that improvements to Governance can be improved.

**6. Recommendations**

6.1. That the exercise of public rights is made available for inspection.



**Gordon Fletcher (C.M.I.I.A.)**

**Internal Auditor**

**Date: 25<sup>th</sup> June 2023**