

INTERNAL AUDIT REPORT
ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN 2021/2022
BELMONT PARISH COUNCIL

1. Background

- 1.1. Local Councils in England and Wales (Parish Councils, Town councils) are expected to complete an Annual Governance and Accountability Return (AGAR) summarising their annual activities at the completion of each financial year.
- 1.2. Belmont Parish Council completes part 3 of the AGAR with one of the parts within the AGAR to be completed by the Council's independent internal auditor, who is to give an opinion of the Council's internal controls.

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 key control tests identified in the internal audit part of the AGAR.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:
 - Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
 - Exercise of public rights.
- 3.3. The audit findings of this report have been discussed with the Parish Clerk any audit recommendations have been agreed with her.

4. Findings

4.1. Payroll

- 4.1.1. The Parish Council has 2 employees who work fixed hours and are paid by the Parish Council. The increases in the rates of pay is determined by the National Pay award for local government workers and approved by the Council Members and recorded in the minutes.
- 4.1.2. Internal Audit examined the payroll amounts for the financial year 2021/2022 and all payments had been correctly made.

4.2. Creditors (Accounts Payable)

- 4.2.1. There are no separation of duties regarding Finance and Administration at Belmont Parish Council as the Parish Clerk is the Officer responsible, and carries out all administration on the processing of the payments. Good internal controls are in place as the Chair of the Council approves all invoices and Members agree the payment of accounts each month with 2 other Members signing the cheques and initialing the cheques stubs.
- 4.2.2. Financial Regulations of the Council state that the Responsible Finance Officer (Clerk) shall provide a monthly statement of Income and Expenditure to Members at the monthly Council meeting. This was found to be properly completed and submitted.

- 4.2.3. Financial regulations state that "an official Order or letter shall be issued for all work, goods and services costing in excess of £500, by a duly delegated committee unless a formal Contract is to be prepared or an official Order would be inappropriate. Copies of Orders issued shall be maintained". Orders are being completed when appropriate.
- 4.2.4. An interim check was carried out on in November 2021 and all the payments as recorded on the Finance sheets made from 1st April to 30th September 2021 had been correctly paid with orders properly completed where appropriated and all payments agreed by the Members.
- 4.2.5. This audit examined all payments from 1st October 2021 to March 2022 and there were no queries.
- 4.2.6. All section 137 payments had been agreed by the Council prior to payment being made and properly recorded in the Expenditure records.

4.3. Governance/Risk Management

- 4.3.1. A risk assessment review was previously carried out by Full Council on the 4th March 2021.
- 4.3.2. There appears to be adequate insurance cover for all assets of the Council.
Risks to the Parish Council are improved with the inclusion of risk management on the agenda each month, and the appointment of the independent Internal Auditor who gives assurance on the Council's activities.
- 4.3.3. The Parish Council has a small budget with only 2 employees, and therefore its risks are considered to be low.
- 4.3.4. I understand that the Council uses the "local Council's documents and policies list" which details all policies and documents to be used by the Parish Council. Any updates or new information is e-mailed to the Clerk who then informs the full Council.
- 4.3.5. Financial Regulations were updated by the Finance Committee during the year and agreed by Council. Standing Orders were reviewed by Full Council on 10th March 2022.
- 4.3.6. The notice of appointment of date for the exercise of Public Rights for the accounts for the year ending 31st March 2021 recorded the dates for examination of the accounts being 26th April 2021 to 8th June 2021

4.4. Income collection and Banking arrangements

- 4.4.1. Financial Regulations of the Council state that the Responsible Finance Officer (Clerk) shall provide a monthly statement of Income and Expenditure to Members at the monthly Council meeting, which had been carried out.
- 4.4.2. I examined all the income records from April 2021 to March 2022 and it was confirmed that all income had been promptly banked and properly recorded, with a review of charges carried out annually, as part of the budget setting process.
- 4.4.3. There are 3 bank accounts held by the Council:
 - i. Barclays Base Rate Tracker account
 - ii. Barclays Community account.
 - iii. Barclays Business Premium (Saver) account.
- 4.4.4. End of year bank reconciliations had been carried out and reconcile to the statement of accounts.
- 4.4.5. Fees and charges for the coming year (2022/23) were discussed at the 21st November 2021 Finance Committee, as part of the budget setting process.
- 4.4.6. Vat claims have been submitted with income received on 7th June 2021 ad 30th March 2022.

4.5. Accounting Records

- 4.5.1. Checks on the amounts on the bank statements are confirm from the cheque list which is provide each month by the Parish Clerk to full Council and quarterly to Finance Committee. This gives a double check that bank statement figures are correct and shows unrepresented cheques.

4.6. Security/Assets

- 4.6.1. There is an Inventory held of all assets, which was approved by Full Council on 10th March 2020 and is presented with 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 financial position for 2021/2022 and the budget for the year 2022/2023 and the precept, was initially discussed by the Finance Committee on 21st November 2021 and agreed by the Full Council on 13th January 2022.
- 4.8.2. Financial Matters including quarterly Budgetary Control is carried out by Members through Budget Summary reports.
- 4.8.3. It has been discussed that a Medium Term Financial Plan is to be produced by the Finance Committee in the future.

5. Conclusions/Recommendations

- 5.1. The Internal Controls within the Parish Council are satisfactory for the size of the Council, with no recommendations.



**Gordon Fletcher (C.M.I.I.A.),
Internal Auditor,
Date: 3rd May 2022.**