

Etaerio Ltd

Annual Internal Audit Report

for

Redbourn Parish Council

**for the financial year ended
31 March 2021**

Auditor: Philip Rhoden

Internal Audit Date: Offsite; 15/6/21; 17/6/21; 18/6/21

Report Date: 20 June 2021

Financial Year: 2020/21

Etaerio Ltd

Schedule of Recommendations

Client: Redbourn Parish Council

Y/E: 31 March 2021

Recommendations generally reflect proper practices from the 'JPAG Practitioners' Guide' for smaller authorities & external auditor-issued guidance over the years.

	Control	Recommendation(s)
1	Proper bookkeeping	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls	I recommend that the 'List of Payments' (cash book payment listing report which should cover all payments) vs. the 'Purchase Ledger Payments' report, is the report used to present payments lists at council meetings for review and sign-off. I recommend that the VAT entries in relation to Castle Water invoice 2731167 are checked to confirm that the correct amount of VAT has been claimed.
3	Risk management arrangements	Usually the council undertakes an annual risk assessment and an annual review of the effectiveness of the council's overall internal audit arrangements ('statement of internal control') at its annual meeting in May. Given the difficulties arising from the pandemic, this meeting did not take place in May-20, but has taken place in May-21. I understand that the 2021/22 assessment and review will be reconsidered in relation to the 2020/21 year at the council's June 2021 meeting. I recommend that if the annual meeting does not go ahead in the future, these items are rescheduled for an alternative meeting. As part of the review of the effectiveness of the system of internal control, as set out in the Practitioners' Guide, authorities should, at least annually, carry out a review of the effectiveness of their overall internal audit arrangements, which should be considered by the council and minuted. I recommend that the council undertakes this going forward.
4	Budgetary controls	None.
5	Income controls	Noting that the instance detected has been corrected on the 2020/21 AGAR, I recommend that refunds of expenditure are set against the relevant expense code (vs. included as income).
6	Petty cash procedures	None.
7	Payroll controls	None.
8	Assets controls	I recommend that it is good practice for the method of asset valuation adopted (policy) to be formally recorded in the asset register with reference to its last approval by the Council. I recommend that at each year end it is good practice to make a note in the asset register of the notional market value of the Council's CCLA investment as at 31 March to inform readers (this value is not used for accounting purposes). A column has been added to the asset register to identify the cashbook reference number(s) relating to the addition. I recommend that this be used going forward to include a reference (e.g. relevant invoice number(s)).
9	Bank reconciliation	Noting that this has been identified and corrected for the AGAR, I recommend that going forward direct debits not yet collected, and online payments not yet 'committed' are included in the accounts as creditors or accruals rather than as reconciling items on the bank reconciliation. As part of this I recommend that the council formalises its definition of 'committed' online payments considering the guidance in the Practitioners' Guide and the practicalities of maintaining the council's accounting records. The council has classified its holding in the CCLA Public Sector Deposit Fund as a short-term investment. Whilst this appears consistent with the definition within the Statutory Guidance on Local Government Investments (effective 1-Apr-18, para. 31), the Practitioners' Guide includes a more restrictive definition including that the original sum invested can be accessed without any reduction. I recommend that the council considers the classification of this holding in relation to the Practitioners' Guide definition.
10	Year-end procedures	None.
11	Exempt Authority	Not applicable.
12	Public Rights	The external audit template public rights notice was used on the website during 2020 in relation to the 2019/20 AGAR, but the summary of rights pages were not included. I recommend that going forward, the complete proforma public rights period notice (including the summary of rights) is used. The 2019/20 AGAR was signed with a date of 23-Jul-20, whereas the public rights period relating to the 2019/20 AGAR commenced on 15-Jun-20. I recommend that going forward the period for public rights commences following the approval of section 2 of the AGAR (not before or on the same day as approval, and noting also that the public rights notice must be published and dated at least the day before the period for public rights commences).
13	AGAR Publication Requirements.	None.
14	Basic IT controls	None.
15	Responsibility as a sole managing trustee.	Not applicable.

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REDBOURN PARISH COUNCIL

ENTER PUBLICLY www.redbourn-pc.gov.uk WEBSITE 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.	✓		
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. <i>(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")</i>			✓
L. If the authority has an annual turnover not exceeding £25,000, it 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. This internal audit objective is not applicable			✓
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 <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .		✓	
N. The authority has complied with the publication requirements for 2019/20 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

15/06/2021 17/06/2021 18/06/2021

Name of person who carried out the internal audit

ENTER NAME METAERIO LTD AUDITOR

Signature of person who carried out the internal audit

P.K. Rhoden

PHILIP RHODEN, DIRECTOR

Date

20/06/2021

*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).