

Annual Internal Audit Report  
2020 / 21  
For  
**Abbey Hill Parish Council**  
Governance and Internal Control

Auditor Paul Cranfield

Date May 2021

The matters raised in this report are only those that came to attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. The work does not provide absolute assurance that material errors, loss or fraud do not exist.

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## 1. INTRODUCTION

An audit of Governance and Internal Controls was undertaken as part of the approved internal audit periodic plan for 2020/21.

The system of accounting used by the Parish Council is Receipts and Payments. Annual Accounts drawn up in the traditional format have been produced, presented to the Parish Council and approved by them at a regular meeting.

As part of the legislation passed in March 2020, which enabled parish and town councils to hold remote meetings in light of the pandemic, there was no requirement to hold an Annual Parish Meeting during 2020. In this regard a number of the matters usually forming part of this exercise have not been possible to complete. That having been said, confirmation of the 2019/20 Annual Parish Meeting has been sought, and those agreed practices noted as continued in the year in question.

## 2. SCOPE OF THE REVIEW

The objective of the audit was to evaluate the adequacy of control within the system and the extent to which these have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

## 3. FINDINGS AND RECOMMENDATIONS

<b>Internal control</b>	<b>Test</b>	<b>Y/N</b>	<b>Comments</b>
Previous internal audit	Do the minutes record that Council has considered the Internal Audit Report for the previous year and the matters arising addressed?	Y	Minutes evidencing consideration of internal audit seen- 16 July 2020. No matters to address.
Proper bookkeeping	Cashbook maintained and up to date? Is 'Alpha' or 'Omega' system used?	Y	'Rialtas Alpha' system used. Full set of reports seen.
	Cashbook arithmetically correct?	Y	Yes. 'Alpha' year-end reconciliation seen

	Cashbook regularly balanced?	Y	Yes. Monthly. Two random months sampled and correct.
Standing Orders & Financial Regulations	Has the Council formally adopted Standing Orders & Financial Regulations?	Y	As noted above, no Annual Parish Meeting held in 2020, but adoption in 2019 carried forward.
	Has a Responsible Financial Officer been appointed?	Y	RFO and Clerk and the same person- evidenced in Financial Regulations
	Have items or services above a 'de minimis' amount been competitively purchased?	Y	Any purchases above this figure have been acquired with the assistance of MK Council and using their approved contractors.
	Are payments in the cashbook supported by invoices and have they been authorised and minuted?	Y	3 items have been tracked back during the year. Expenditure minuted and invoice seen on each occasion.
	Has VAT on payments been identified, recorded and reclaimed?	Y	VAT reclaim form seen. Usually done once a year.
	Is Section 137 expenditure separately recorded within statutory limits?	Y	A small number of Section 137 payments identified. Well within statutory level for this council.
Risk Management Arrangements	Do the minutes record the Council carrying out an annual risk assessment?	Y	As noted above, no Annual Parish Meeting held in 2020, but adoption in 2019 carried forward. No changes to risk in the last year.
	Is insurance cover appropriate and adequate?	Y	Summary sheet seen and required levels of public liability etc form part of the cover.

	Are internal financial controls documented and regularly reviewed?	Y	As noted above, no Annual Parish Meeting held in 2020, but adoption in 2019 carried forward
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	Y	Budget and Minute seen.
	Is actual expenditure against the budget regularly reported to the Council?	Y	Yes. Evidence seen in minutes each monthly meeting.
	Are there any significant unexplained variances from budget?	Y	None that are not evidenced and explained.
Income Controls	Is income properly recorded and promptly banked?	Y	No income, other than small levels of interest.
	Does the precept recorded in the cashbook agree to Milton Keynes Council's notification?	Y	Yes. Seen.
	Are security controls over cash adequate and effective?	Y	No cash is collected or held.
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	Y	Yes. Small purchases made by the Clerk and reimbursed. Invoices seen.
	Is petty cash expenditure reported to Council?	Y	Yes, as part of monthly papers.
	Is petty cash reimbursement carried out regularly?	Y	Yes. Claimed on a regular basis by Clerk.

Payroll Controls	Do salaries paid agree with those approved by Council?	Y	Yes.
	Are other payments to the Clerk reasonable and approved by Council?	Y	None made, with the exception of petty cash reimbursement as above.
	Has PAYE/NI been properly operated by the Council as an employer?	Y	Yes
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	Y	Yes. Seen.
	Is the Register up to date?	Y	Yes.
	Do asset insurance valuations agree with those in the Register?	Y	Yes. This agrees with the level of all-risks insurance cover.
Bank Reconciliation	Is there a bank reconciliation for each bank account?	Y	Yes. Reconciliation via 'Alpha' system each month.
	Is the bank reconciliation carried out regularly on the receipt of statements?	Y	Yes. Monthly and then reported to the council.
	Are there any unexplained balancing entries in any reconciliation?	N	
Year-end Procedures	Are year-end accounts prepared on the correct accounting basis?	Y	Yes. Receipts and Payments.
	Do accounts agree with the cashbook?	Y	Yes.

	Is there an audit trail from underlying financial records to the accounts?	Y	Yes. 'Alpha' audit trail confirms to bank reconciliation and statements.
	Where appropriate, have debtors and creditors been properly recorded?	Y	Yes.

#### 4. CONCLUSION

Taking account of the issues identified, the Parish Council can take assurance that the controls upon which it relies to manage this area, as currently laid down and operated, are consistently applied and effective.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

All controls as noted above have been reviewed and compliance is Met.

Recommendations:- None.

Signed:- Paul Cranfield (Clerk to CMK Town Council)

Date:- 13 May 2021