

FOWNHOPE PARISH COUNCIL

Internal Audit Report for the Annual Governance and Accountability Return

Financial Year Ending 31 March 2022

Scope of Audit

The Council is required to undertake an internal audit to evaluate the effectiveness of its risk management, control and governance processes.

I confirm that I am independent of financial decision making, financial management, financial control and financial procedures of Fownhope Parish Council (FPC).

I have examined documents with a view to report on FPC's performance against the internal control objectives identified in the Annual Governance and Accountability Return 2021/2022 Form 3.

Documents

I have examined the following documents sent to me in printed format: -

- Meeting minutes and agendas
- Bank statements for Lloyds Bank and NatWest accounts (Treasurer's and Reserve)
- Paying in books and cheque books for Lloyds Bank account
- Summary reports for receipts and payments and bank account totals generated by Scribe Accounts¹
- Invoices with attached approval documents
- Payments received / remittance advice documents
- Draft budget documents 2022/23
- Audit documents including Annual Governance and Accountability Return (AGAR) documents
- Notice of Public Rights and Publication of Unaudited AGAR for 2020/21
- Finance Working Group meeting notes for meetings from February 2020 onwards.

I have examined the following documents available on the FPC website

- Financial Regulations
- Investment Strategy
- Investment Report
- Reserves Policy and Reserves at 31/3/21
- Publication Scheme
- Risk Management Policy
- Risk Register
- Standard Operating Procedures July 2021
- Approved Budget 2021/22
- Audit documents including AGAR documents for 2020/21

I have examined the reports available in Scribe Accounts (henceforth referred to as Scribe).

¹ Scribe Accounts is proprietary cloud-based accounting software for parish clerks and councillors. FPC hold finance information on Scribe Accounts software.

Findings for Each Internal Control Objective

A. Appropriate accounting records have been properly kept throughout the financial year.

I have examined transaction records in Scribe > Transactions > Payments and > Receipts and compared a sample of the transaction records with the bank statements, invoices, and payments received documents. Each transaction record includes bank account, cost code, payment method. I have found no errors and omissions.

I conclude that this Internal Control Objective has been met.

B. FPC complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

I have checked compliance with the document Standard Operating Procedure to Ensure Compliance with Financial Regulations (adopted 7 July 2021). In particular I have considered the procedure to ensure transactions are recorded quickly and the procedure for approval of expenditure.

I have taken samples of transactions > payments from Scribe, found the corresponding invoices, meeting minute reference and confirmed timely approval and payments.

I have checked approval of invoices at the April and December meetings and found the agendas and approved minutes to be correctly signed for authorisation.

I have noted the printed email correspondence in April (when Covid restriction required meetings on Zoom), with scanned copies of the invoices and emailed approvals.

The Scribe Accounts reports show that VAT is correctly accounted for.

I can confirm that this Internal Control Objective has been met.

C. FPC assessed the significant risks to achieving its objectives and reviewed the adequacy of the arrangements to manage these.

Minutes of FPC meeting held on 5 May 2021 show that the Finance Working Group reviewed Risk Management Policy and Risk Register (166/05/2021)

The Risk Management Policy includes roles and responsibilities. The Risk Register is dated 16 August 2021 and for each identified risk, the impact, risk rating, actions required (to manage risk) and responsibilities are defined.

I can confirm that this Internal Control Objective has been met.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

The draft budget for 2021/22 was considered in detail at the Finance Working Group meeting held on 23 September 2020. The meeting notes detail the decisions made to complete the budget.

The draft budget for 2021/22 was considered at the FPC meeting held on 2 December 2020. The Council approved the budget and set the precept for 2021/22 at that meeting.

The scribe report for Budgeting > Monthly report allows monitoring of progress against the budget.

Examination of a sample of FPC meeting minutes (1 Sept 2021) shows that "costs comparing budget against actual expenditure were given to members in supporting papers" (182/09/2122)

The documents for the draft budget for 2022/23 were examined. The draft budget 2022/23 was discussed at the FPC meeting held on 3 November 2021.

The Scribe report Reserves > Reserves Balance was examined. Finance Working Group meeting notes indicate that reserves are discussed (Meeting 25 January 2022)

I can confirm that this Internal Control Objective has been met.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Scribe reports were examined. There was a minor shortfall in income (particularly from investment) but unbudgeted income from donations and sales.

I can confirm that this Internal Control Objective has been met.

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

There were no petty cash payments or expenditure.

I can confirm that this Internal Control Objective has been met.

G. Salaries to employees and allowances to members were paid in accordance with FPC's approvals and PAYE and NI requirements were properly applied.

Examination of printed records and invoices demonstrate that salaries and allowances (expenses) were correctly approved and PAYE and NI requirements were correctly applied.

I can confirm that this Internal Control Objective has been met.

H. Asset and investment registers were complete and accurate and properly maintained.

The asset register is available in Scribe > Year End > Asset Register. It appears to be up to date and accurate. An email from PFC Clerk confirms that a health and safety inspection of all assets was carried out in May 2021 and May 2022.

The FPC Financial Regulations Appendix Investment Strategy was examined. This details the role of the Investment Advisory Group (IAG), the investment procedures, investment strategy and investment portfolio. The document was adopted by FPC in February 2022. The IAG report April 2021 was examined.

I can confirm that this Internal Control Objective has been met

I. Periodic and year end bank account reconciliations were properly carried out.

A printed reconciliation report from Scribe is attached each month to the printed bank statements. Samples of these reports and statements were examined. I have examined a detailed bank reconciliation report for 31/ March 2022 (appendix B of report for FPC meeting 6 April 2022 by the Responsible Financial Officer). I have found no errors or omissions.

I can confirm that this Internal Control Objective has been met.

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.

Accounting statements were prepared for FPC meetings from the Scribe records. The format of the reports included totals in bank accounts, a summary of receipts and payments for all cost centres, and reports on reserves balances.

I have compared a sample of the transaction records with the bank statements, invoices, and payments received documents. I have found no errors or omissions.

Debtors and creditors are listed in the bank reconciliation at 31 March 2022

I can confirm that this Internal Control Objective has been met.

K. If FPC certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt.

The Council did not certify itself as exempt from a limited assurance review in 2020/2021. This item was not covered in the Internal Audit.

L. FPC publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with any relevant transparency code requirements.

I have audited against the requirements of the Transparency Code for Smaller Authorities. I do not consider the Local Government Transparency Code 2015 relevant. My findings for the publication of relevant information are as follows.

- All items of expenditure above £100. Included in FPC meeting minutes
- End of year accounts. Published under Financial Reporting
- Annual governance statement. Published under Financial Reporting
- Internal audit report. Published under Financial Reporting
- List of councillor or member responsibilities. Published under Meet the Council
- The details of public land and building assets. Not published
- Minutes, agendas and meeting papers of formal meetings. Published

I can confirm that this Internal Control Objective has been met.

M. FPC, during the previous year (2020/21) has correctly provided for the period for the exercise of public rights in accordance with the Accounts and Audit Regulations.

The notice of public rights and publication of the annual governance and accountability return for the year ended 31 March 2021 was examined. The commencement date is Wednesday 16 June 2021. A handwritten note "Removed 8/10/21" and drawing pin holes indicate that it has been available to view on a noticeboard for the required period.

I conclude that this Internal Control Objective has been met.

N. FPC has complied with the publication requirements for 2020/21 AGAR

The following documents were examined.

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited with availability from commencement date 16 June 2021.
- Section 1 - Annual Governance Statement 2021/22, approved but signature redacted

- Section 2 - Accounting Statements 2021/22, approved but signature redacted

The following documents are on the FPC website but I was unable to confirm the publication date.

- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR
- Explanation of Significant variances

Printed copies of the Notice of conclusion of audit document and the unaudited AGAR documents were examined. A handwritten note "Removed 28/1/22" and drawing pin holes indicate that it has been available to view on a noticeboard.

Printed copies of the Notice of public rights and publication of unaudited AGAR documents was examined. A handwritten note "Removed 8/10/21" and drawing pin holes indicate that it has been available to view on a noticeboard.

I conclude that this Internal Control Objective has been met.

O. Trust funds (Including charitable) – FPC met its responsibilities as a trustee

FPC does not act as trustee for any trust funds. This control objective is not applicable.

There are no other risk areas identified by FPC

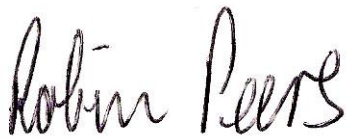
Conclusion

After examining these documents, it is my opinion that the accounts are accurate, correctly balanced and show that FPC has implemented a satisfactory process for financial control.

I consider that the affairs of FPC are very well managed and that the documentation is well ordered.

I have therefore completed and signed the Annual Internal Audit Report 2021/22 section of the Fownhope Parish Council Annual Governance and Accountability Return 2021/22 Form 3.

I would like to thank Ms Helen Tinson for her assistance.



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19 May 2022