

**AUDIT REPORT BY THE INTERNAL AUDITOR TO  
ENNERDALE AND KINNISIDE PARISH COUNCIL  
PERIOD 1<sup>ST</sup> APRIL 2021 – 31<sup>ST</sup> MARCH 2022  
FINANCIAL YEAR ENDING 31 MARCH 2022**

**Introduction**

The Parish Council has a statutory responsibility to provide an adequate and effective Internal Audit by engaging an Internal Auditor ensuring “competency and independence from the Council”. The role of the Internal Auditor is to provide an independent review and appraisal of the Council’s system of internal control.

**Responsibilities**

**Internal Auditor**

The Internal Auditor will fulfil the obligations to the council by

- undertaking a review of all internal financial and governance documents in accordance with “Governance & Accountability for Local Councils” Part 2.74 submitting a report to be presented to Council detailing findings and recommending measures to ensure compliance with the Account & Audit Regulations as amended at the time.
- signing the assurance document in the Annual Governance and Accountability Return. (AGAR)

**Council**

The Accounts and Audit Regulations 2015, Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities requires that a Council **must** make arrangements for the exercise of public rights

- on completion of approving the sections in the AGAR publish, on notice board/s and **on a website**, the relevant documents as specified in regulations for a period of 30 days, one day prior to the statutory period which must include 2<sup>nd</sup> to 13<sup>th</sup> July.
- on completion of the External Audit publish, on notice board/s and **on a website**, the Notice of Conclusion of Audit and signed External Audit report for a period before 30<sup>th</sup> September.( If the Council has not qualified to declare itself exempt)

**Responsible Financial Officer (RFO)**

To ensure the Council can fulfil its statutory obligations the RFO must.

- prepare expediently the Annual Statements of Accounts for the financial year ending 31<sup>st</sup> March.
- present the accounts and the completed Section 1 and 2 of the AGAR. All of which must bear his/her signature prior to presentation
- ensure The Annual Governance Statement is approved at a full council meeting prior to approving the Accounting Statements, at the same or subsequent meeting.
- ensure all approvals are recorded in the minutes and completed before 30<sup>th</sup> June in the financial year.
- Confirm at the appropriate times all publication requirements have been publicly displayed.
- Include on the agenda the completion of audit report and any matters arising and subsequent publication completion.

I confirm I have, on the 18<sup>TH</sup> June 2022 undertaken an internal audit for the period 1<sup>st</sup> April – 2021 - 31<sup>st</sup> March 2022 in accordance with the Account and Audit Regulations (England) 2015 as outlined in the schedule previously circulated and approved by Council and incorporating any new requirements as outlined in “Governance and Accountability for Local Councils” A Practitioners’ Guide (England) March 2022

The following areas have been assessed to ensure the internal financial controls are appropriate and relevant to Ennerdale and Kinniside Parish Council

The areas covered in the audit are noted below.

**1. Proper Bookkeeping**

The Council operates Receipts and Payments accounts as required by the Regulations. The Excel spread sheets record receipts and payments under specific budget headings allowing immediate identification of spending in each budget sector.

All data is backed up to an external hard drive.

**2. Financial Regulations, Standing Orders,**

The NALC model documents were used to draft Financial Regulations and Standing Orders tailored to the requirements of the Council. The documents include all current legislation.

**3. Invoice procedure**

There is a clear audit trail from the financial records, supported by invoices and all payments are authorised and duly recorded in the minutes. A random check was made of all payments to date. Confirmation was given that good practice exists to ensure all are competitively purchased and the Council adheres to the principle of Best Value.

**4. VAT**

The correct VAT has been identified on purchases for the period 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022, which is verified by the Excel cashbook system.

**5. Sct 137 Payments**

The RFO has identified and adhered to the statutory requirement to maintain ‘a separate account’ of expenditure under Local Government Act 1972 section 137, by the inclusion in the cashbook of a separate accounting column. No expenditure has been incurred under this Power.

**6. Risk Management**

The Risk Register was received, approved and reviewed and monitored throughout the year.

## **7.Minutes/Internal Financial Controls**

The Minutes clearly documents the activities of the Council and there is no evidence of unusual financial activity. The minutes are numbered and verified as a true record by the signature of the chairman, with date, on the final page.

## **8. Register of Interest**

Members have duly completed the Register of Interests and fulfilled their obligation to keep it updated.

## **9. Budget Control**

A correct budget process is in place and the budget is regularly monitored. Forecasting over-budget spending identifies variances, which are addressed by virements or transfers from cash reserves.

## **10. Cash Balances**

It is the role of the Internal Auditor to express an opinion on the adequacy of retained cash balances. Audit guidance advises a level of three to six months expected expenditure.

The cash balances at the bank are considered adequate to fulfil the budgeted obligations of the Council.

## **11. Income Controls**

All income is recorded and promptly deposited at the bank.

## **12. Petty Cash/Clerk's Expenses**

The Council does not operate a Petty Cash Account.

All spending under Clerk's Expenses is notified to and approved by Council

Sums drawn are allocated to the appropriate budget head.

## **13. Payroll Controls**

All PAYE/NIC records are up to date and submissions to HMRC are made in real time online.

## **14. Asset Control**

The Asset register records all acquisitions and disposals throughout the year and is correctly recorded in the AGAR 2022.

## **15. Bank Reconciliation**

Bank Reconciliations are carried out on receipt of bank statements and accurately portray the financial position of the Council. It is confirmed that there are no unexplained balancing entries.

## **ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN 2020-21**

Sct 25, 26 & 27 of The Local Audit and Accountability Act 2014 and The Accounts and Audit (England) Regulations 2015(SI 2015/234) and The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 (SI 2020/404) requires a Council to publish, Notice of Public Rights and Publication of unaudited Annual Governance & Accountability Return.(AGAR) The Clerk/Responsible Financial Officer (RFO) undertook the requirement and the date of announcement was posted on 12<sup>th</sup> June 2021 advising documents were available for inspection from 14<sup>th</sup> June 2021 to 23<sup>rd</sup> July 2021.

The Accounts and Audit (England) Regulations 2015 (S1 2015/234) as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 (SI 2020/404) requires a Council to publish, as soon as reasonably practicable, after the conclusion of the audit, a statement on the website advising that the 2020-21 Audit has been completed.

The clerk has undertaken the requirement to publish the Annual Governance and Accountability Return, (AGAR) together with all relevant statutory documents, upon receipt from the External Auditor on the Council website and within the deadline dates.

The Council received an unqualified report ensuring that all statutory requirements were adhered to.

However minor matter advised that the prior year figures be adjusted in boxes 4 & 6. Perhaps with the changeover of Clerk this was overlooked.

RECOMMENDED that the AGAR 2021/2022 be taken to Council for restatement of the figures to ensure completeness of the figures.

I conclude and report that the Clerk/Responsible Financial Officer (RFO) has maintained a high standard of recordkeeping, which has simplified the audit process. The Council's control systems are efficient and effective and give the appropriate level of confidence, that the financial statements and reports reflect a true and accurate account of the Council's finance and governance records.



Internal Auditor – 25<sup>th</sup> July 2022.