

INTERNAL AUDIT REPORT
2022/2023 - ANNUAL RETURN
BLAKELAW and NORTH FENHAM COMMUNITY COUNCIL

1. Background

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. Where the higher of gross income or gross expenditure was £25,000 or less, a council can certify themselves as exempt from a limited assurance review, and complete part 2 of the AGAR. The Councils income for 2022/23 was over £25,0000 and therefore part 3 is to be completed and is made of 3 sections along with a section on the annual internal audit report, which is to be completed by the Council's independent internal auditor, who is to give an opinion of the Council's internal controls.
- 1.3. CDALC have provided Councils with a checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the 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 ten key control tests identified in the Internal Audit part of the AGAR, only nine of these were examined, as the Parish Council does not have any petty cash.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by the Internal Auditor:
- Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - Accounting records,
 - 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 Clerk and any audit recommendations have been agreed with her.

4. Findings

4.1. Payroll

- 4.1.1. The Council has 1 employee (Clerk) who works agreed hours and is paid in line with NJC paycales and is paid every month with payments to HMRC.
- 4.1.2. All payroll information is completed by an independent payroll provider. This was checked for the year and was processed correctly, and the amounts were found to be correct.

4.2. Creditors/Accounts Payable

- 4.2.1. There are no separation of duties at the Council as the Clerk is the only Officer responsible for Finance and Administration. Compensating checks are carried out by the Members every month and Financial Regulations outline the systems to be followed.
- 4.2.2. Payment vouchers are completed by the Clerk for all payments which gives details of the payment and how paid and the minute reference when approved. Invoices are attached where appropriate.
- 4.2.3. Payments are mainly made online or by a payment Card.
- 4.2.4. A spreadsheet (cash book) showing all payments were checked by me to the invoices for the year and these were found to be properly recorded. There were no queries.

4.3. Risk Management/Governance arrangements

- 4.3.1. The Council Risk Assessment document was reviewed at the Council Meeting on 13th April 2023 which is essential for good governance for the Council.
- 4.3.2. The Council has a very small budget with only 1 employee, and therefore its risks are considered to be very low.
- 4.3.3. There appears to be adequate insurance cover for all assets of the Council.
- 4.3.4. The Council has adequate Financial Regulations and Standing Orders in place and are reviewed when changes are made. The next review is in June 2023 and will be reviewed annually at the AGM to confirm that they are still fit for purpose,
- 4.3.5. At the time of the audit no statement of Internal Control had been completed and I understand this will be done for the next meeting.
- 4.3.6. The announcement of the public rights for 2021/22 was dated 10th June 2022, with the inspection of the accounts available between 13th June and 2nd July 2022.

4.4. Income collection and Banking arrangements

- 4.4.1. The Council receives Income mainly from the Precept, LCTS grant, and a vat refund.
- 4.4.2. I examined all the income records for the year and confirmed that all income had been received, promptly banked, and properly recorded in the accounts.
- 4.4.3. Vat was claimed for 1st February 2020 to 31st March 2022. A claim for 2022/23 was submitted in May 2023.
- 4.4.4. The Council holds a Business Premium and Community Account which reconciled at the 31st March 2023.
- 4.4.5. Bank reconciliations are recorded and confirmed in the minutes each month.

4.5. Accounting Records

- 4.5.1. The Council keeps a manual Income and Expenditure spreadsheet record throughout the year which is adequate for a small Council and this was found to be properly recorded with a summary completed for the end of year accounts.
- 4.5.2. The Clerk reports to Council every month on the Bank balance, total expenditure to date and the payments agreed. The income and expenditure balance at the end of the year was confirmed by a bank reconciliation as at 31st March 2023.

4.6. Assets

4.6.1. The Asset Register was agreed with the Risk Register on 13th April 2023.

4.7. Debtors

4.7.1. There are no accounts raised for any debts.

4.8. Budgetary Control

4.8.1. The precept and budget had been discussed and agreed by a Council Committee meeting on the 12th January 2023, The annual budget was prepared to support the precept.

4.8.2. As the Council has very little income and expenditure, budget monitoring is not carried out until the next years budget and precept is discussed, this is acceptable for a very small Council.

5. Conclusions

5.1. The internal control and Governance arrangements are satisfactory for the size of the Council.

6. Recommendations

6.1. There are no recommendations.



Gordon Fletcher (C.M.I.I.A.)
Internal Auditor
Date: 29th May 2023