

Annual Internal Audit Report 2022/23

Haddenham Parish Council

<https://www.haddenham-bucks-pc.gov.uk/> ABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2023, 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 2022/23 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 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")</i>			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.			✓
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

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

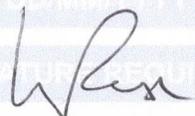
Name of person who carried out the internal audit

05/06/2022

09/01/2023

Kevin Rose - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit



Date

04/06/2023

***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).**

Haddenham Parish Council
Financial Year 2022-23



IAC Audit and Consultancy Ltd

Audit date: 12 April 2023

Year End Internal Audit Observations

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Is expenditure on Credit / Debit Card subject to independent review and scrutiny?	No	<i>The Council has a Lloyds Charge Card in use. It is not clear how the Council reviews and approves expenditure made using this card.</i>	The Council to put in place a process for the regular review and approval of expenditure on cards. This review should be evidenced by dated signature of the person conducting the review on the appropriate card statement and/or supporting invoices.	High	
2	Can bank payment transactions be traced to source documents ? (Year End)	No	<i>The council does not have a regular process for the review and approval of payments (this is due to the timing of Full Council meetings).</i>	Council to consider setting a regular schedule at which payments are to be subject to formal council review and approval.	Medium	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has reviewed any points raised by the External Auditor as required	No	<i>From a review of Minutes it was not possible to verify that the Council has reviewed the report of the External Auditor for 2021-22. (It was noted that the External Auditor did not raise any matters of concern in their report.)</i>	The Council to ensure that, on an annual basis, it formally records a review of the External Auditors report in the Minutes of the relevant meeting.	Medium	

H *Asset and investments registers were complete and accurate and properly maintained.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The asset register has been subject to review by Council	No	<i>From a review of the 2022-23 Minutes it was not possible to verify when the asset register was subject to formal review and approval by Council.</i>	The Council should formally review the asset register each year prior to the approval of the Accounting Statements	Medium	

2	Continuing existence of assets is checked on a regular basis (when was last check?)	No	<i>From a review of the 2022-23 Minutes it was not possible to verify when the Council last undertook a physical verification of its assets.</i>	The Council should put in place a process for the regular review and verification of its assets. Assets of a high value or which may be particularly vulnerable should be subject to verification at more frequent intervals.	Medium	
3	Movement on asset register agrees to additions to disposals made in the year	No	<i>It was noted that the movement on the Box 9 Asset value did not agree to the value of assets acquired and disposed of during the year. There is a difference of £35,000. On detailed review it appears that there was an error in the spreadsheet formula in 2021-22 which resulted in the last asset on the listing not being included in the 2022 year end total.</i>	Council to note that the 2022 Box 9 value was not correct, due to an error in the spreadsheet formula. The Box 9 number for 2022 will need to be restated to include this item when submitting the 2022-23 Accounting Statements.	High	

I *Periodic bank account reconciliations were properly carried out during the year.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have been signed and dated as evidence of independent review (Year End)	No	<i>As at the date of audit the year end bank reconciliation had not been signed and dated as evidence of independent review.</i>	Prior to the approval of the Accounting Statements the year end bank reconciliation and supporting bank statements should be subject to independent review and signed and dated as evidence of this review.	Medium	

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.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Year end debtor balances are reasonable and agree to year end Trial Balance	No	<i>It was noted that year end debtors include a number of accruals in respect of S106 agreements. Guidance previously received from the External Auditor states that S106 income should be recorded when received and should not be included in Accruals.</i>	Council to review the accruals made for S106 income and consider whether these should be recorded as debtors.	Medium	

Haddenham Parish Council

Interim Audit Date: 09/01/2023



Internal Audit Summary 2022-23

Year End Audit Date 12/04/2023

(shaded Internal Control Objectives are not applicable to your Council)

Internal Control Objective	Negative Analysis					Responses				Recommendations	
	Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked		
A	Appropriate accounting records have been properly kept throughout the financial year.	0	0	1	0	0	5	1	0	0	1
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	0	2	3	0	0	31	3	5	0	5
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	0	0	0	0	1	11	1	0	0	1
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	0	0	1	0	0	12	1	2	0	1
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	0	2	2	0	0	12	2	11	0	4
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	N/A	N/A
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.	0	0	0	0	0	13	0	12	0	0
H	Asset and investments registers were complete and accurate and properly maintained.	0	1	2	0	0	4	3	4	0	3
I	Periodic bank account reconciliations were properly carried out during the year.	0	1	1	0	0	10	3	3	0	2
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.	0	0	2	0	0	7	1	3	0	2
K	If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	N/A	N/A
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.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	N/A	N/A

Internal Control Objective		Negative Analysis					Responses				Recommendations
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	
M	<i>The authority, during the previous year (2021/22) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).</i>	0	1	0	0	0	5	0	0	0	1
N	<i>The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).</i>	2	0	0	0	0	5	2	1	0	2
O	<i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>	0	0	0	0	0	6	0	0	0	0
Total		<u>2</u>	<u>7</u>	<u>12</u>	<u>0</u>	<u>1</u>	<u>121</u>	<u>17</u>	<u>60</u>	<u>0</u>	<u>22</u>



Sue Gilbert
Parish Clerk
Haddenham Parish Council
Parish Council Office
Banks Park
Banks Road
Haddenham
Buckinghamshire
HP17 8EE

4th June 2023

Dear Sue,

Report on Internal Audit carried out on 12 April 2023

An audit was carried out by Kevin Rose on Wednesday 12 April 2023. This was the Year End audit following on from the Interim Internal Audit carried out on 9 January 2023.

The audit was undertaken using our standard IAC Audit Checklist, used for all Local Councils, which has 198 items. A total of 49 items were tested during this audit. Including the items tested during the Interim Internal Audit visit a total of 138 items have been checked during the financial year a further 60 items on the standard Checklist were checked and confirmed as being Not Applicable to your Council. There were no items unchecked at the year end.

Areas subject to audit were;

the accounting system and records (Box A), the payment system (Box B), risk and insurance (Box C), budget and precept setting and monitoring (Box D), income billing, collection and VAT (Box E), payroll (Box G), assets and investments (Box H), bank reconciliations (Box I), and accounting Statements (Box J).

Of the 49 items tested during this audit a Positive response was obtained in respect of 42 tests. There were 7 Negative responses identified, details of which are set out in the attached Year End Internal Audit Observations. A detailed breakdown of our audit testing and Responses is set out in the attached Year End Internal Audit Summary.

I have not raised a Non-Compliance in respect of the publication of the External Auditors report, which was identified during the Interim Internal Audit as this has now been rectified by the Council. The Council needs to ensure that, in future, this is done by the 30th September each year to meet the requirements of the Accounts and Audit Regulations.

I would like to express my thanks for the assistance provided to me during my audit.

Yours sincerely,

A handwritten signature in black ink that reads "K. Rose". The signature is written in a cursive style with a large, looped initial "K" and a stylized "Rose".

Kevin Rose ACMA
Director