

# NEWPORT & CARISBROOKE PARISH COUNCIL

## INTERNAL AUDIT REPORT 2020-21

### 1. INTRODUCTION

All Local Councils in England are required to complete an Annual Governance and Accountability Return (AGAR) summarising their financial records at the end of the financial year. The Annual Report of the Internal Auditor section of the AGAR needs to be completed by an Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

### 2. SCOPE OF AUDIT

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

- Matching of financial statements to invoices and receipts
- Examination of budget preparation & precept setting
- Inspection of bank statements
- Matching of cheques to payment records.
- Examination of Risk Assessment.
- Review of External Audit requirements.
- Compliance with Transparency Code.

### 3. FINDINGS

- (1) The payroll service is provided through Community Action IW (CAIW) who pay the Clerks salary and relevant deductions to Her Majesty's Revenues & Customs (HMRC). CAIW also make the statutory statement submissions to HMRC. CAIW provide monthly receipts to the Clerk to evidence that all statutory deductions made have been paid to HMRC. CAIW have confirmed to me that at the time of this audit all HMRC statutory returns for 2020-21 had been submitted.
- (2) The accounting record's, bank statement's and bank reconciliation for the year ended 31<sup>st</sup> March 2021 were examined and agreed.
- (3) Standing Orders and Financial Regulations were reviewed in the year.
- (4) As at 31<sup>st</sup> March 2021 a total cash sum of £357,311.90 was held, of which £336,604.43 was held in the current account. The Council has two Liquidity Savings accounts which are available to generate interest yields. Given the Large sums of temporary cash surpluses during the year it is recommended That cash flow management is reviewed in the 2021-22 financial year.
- (5) At its meeting on the 8<sup>th</sup> July it was agreed to take a ten year loan of £160,000 from the Public Works Loan Board (PWLB) to finance capital expenditure on a public convenience. The loan was drawn down in the year and a balance of £152,000 was outstanding as at 31<sup>st</sup> March 2021.

- (6) Gross expenditure exceeds £200,000 and therefore the accounts have been produced on an income and expenditure basis. The accruals made represent the differences between lines 7 & 8 on the Accounting Statement which forms Section 2 of the Annual Governance & Accountability Return. The reconciliation of the two lines is provided by the accounting software.
- (7) The Council had prepared an annual budget in support of its precept which was agreed at the Council meeting on the 8<sup>th</sup> February 2021. The precept for 2021-22 was set at £701,830 and it is recommended that the precept amount is included in the minutes in future years.
- (8) The Internal Auditor needs to be satisfied that the Council considers the risks to not achieving its objectives. A Financial Risk Assessment was approved at the Council meeting held on the 12<sup>th</sup> April 2021.
- (9) The Transparency Code requires the publication of certain information on a website. The Transparency Code requirements had been explained and displayed in a distinct section of the website and on examination of the information on the website I am satisfied that the Parish Council is complying with the requirements of the code.
- (10) The approval of the Annual Report of the Internal Auditor section of AGAR should take place prior to the approval of the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2). This order of approvals were approved at the meeting held on 17<sup>th</sup> August 2020,

## **RECOMMENDATIONS**

- 1. That a review of cash flow management be undertake.**
- 2. The amount of the annual precept be detailed in future minutes**

**Having regard to the above I am of the opinion that I have adequate assurance to complete and sign the Annual Internal Audit Report section of the Annual Governance & Accountability Return.**

**GARETH HUGHES BA (Hon) CPFA**

**11TH MAY 2021**