

DKE AUDIT SERVICES

INTERNAL AUDITOR & INDEPENDENT EXAMINER

Specialist provider to Parish & Town Councils

Harvington Parish Council

Internal Auditors assessment for the completion of the AGAR Part 3 – Financial Year 2023-24

1. Introduction

I have concluded the Council's annual independent internal audit. I am therefore able to complete the Annual Internal Audit Report (AIAR) 2023-24 which forms part of the Annual Governance and Accountability Return (AGAR).

My internal audit considers the evidence available to assess if the Council has effective systems and control arrangements in place for the areas examined. In examining these arrangements focus has been placed on compliance with a number of the Council's key governance 'rules', its management of risk, and its financial controls. Consideration is given to the size and scope of activities undertaken by the Council.

The internal audit is undertaken during the financial year in order to review and test the systems and controls operating during that year. The internal audit report details the findings at the time of the internal audit review. For the year-end financial statements, a cursory inspection is carried out to verify there are no significant financial management or control matters that may impact on the AIAR assessments made at the time of the internal audit review. The internal audit should inform, it is not designed to offer assurance over the completion of the AGAR sections 1 & 2, responsibility for the accuracy of these submissions' rests with the Council.

The internal audit is not designed to identify all weaknesses in the Parish Council's systems but, it is a sample examination of systems and of testing those systems and controls. Where weaknesses are identified during the internal audit process, which impact on governance and internal control, recommendations are made.

The responsibility for the prevention and detection of fraud, error and non-compliance with the law or regulations rests with the Council. The internal audit should not be relied upon to disclose all material mis-statements or frauds, errors, or instances of non-compliance, as may exist.

As the Council's appointed internal auditor, I confirm that I am independent of the Council.

2. Summary

In the section below I have recorded my AIAR responses and offered some comments by way of explanation for these. Members need to be mindful that this assessment is of systems and control during 2023/24 to the time of the audit review.

During the internal audit review no significant control issues or non-compliances have been identified that prevents a positive response to each of the areas covered by the AIAR. No control recommendations have been made.

3. Internal Audit Assessment

The table below follows the format of the AIAR section of the AGAR, for each section questions have been raised in order to establish the systems and control arrangements. The responses, along with the supporting evidence provided, has allowed review, challenge, examination and assessment.

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
A. Appropriate accounting records have been properly kept throughout the financial year.	Yes
<p>The Council has put in place effective procedures to accurately and promptly record all financial transactions. Transactions are supported by appropriate evidence. Payments are recorded on the accounting software (spreadsheet) and are referenced to the supporting information which is held on file. Payments recorded in the cashbook can be tracked to the schedule presented to the Council, at its meetings, for approval.</p> <p>The cashbook, at the time of the internal audit, was up to date. Bank reconciliations are presented to the Council and are approved.</p> <p>Financial information is reported to the Council at each meeting, details are recorded in the minutes and these are signed by the Chairman.</p> <p>An effective overall internal control environment operates.</p>	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved VAT was appropriately accounted for.	Yes
<p>The Annual Parish Council Meeting was held on May 10th 2023. At this meeting key governance ‘rules’ and policies were reviewed, including Standing Orders, Financial Regulations, the Assets Register, and the Risk Policy and risk assessments.</p> <p>As part of the internal audit a sample of payments selected from the cashbook have been examined and confirmation gained that payments have been made in accordance Financial Regulations, payments are supported by invoices or other appropriate evidence.</p>	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>There are effective links and controls between the order of goods, works and services and the payment, with transaction being properly and promptly recorded in the cashbook. For the sample examined payments have been properly approved and VAT has been appropriately accounted for.</p> <p>The Parish Council supported a parish festival through the award of a grant, the grant payments made are supported by evidence of the cost incurred.</p> <p>The Council uses 'on-line' banking and effective management and control over the Council's bank accounts is present.</p> <p>VAT reimbursement is periodically claimed.</p>	
<p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>Yes</p>
<p>The Council has a risk management policy that includes risk assessment and risk control arrangements. The Council's risk register includes control arrangements, the frequency of review / inspection where appropriate, and date last examined.</p> <p>The insurance policy covers the areas expected for a Parish Council and the assets (for which there is an Asset Register) have been insured in line with the assessed values.</p> <p>IT arrangements are appropriate to provide effective security and control.</p> <p>Confirmation has been given that asset maintenance inspections are undertaken.</p>	
<p>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<p>Yes</p>
<p>The budget covers all of the Councils activities, income sources and expenditure, and these are included in all budget monitoring reports. An effective budget setting process operates that identifies the funding need based on services and commitments. The precept has been set in accordance with the agreed and approved budget requirement.</p> <p>Budget monitoring showing the net variance between budget and actual at a given time. The budget report is presented at Council meetings.</p>	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
The Council has a Reserves Policy, and reserves are maintained in accordance with the policy. The reserves are appropriate for the Council (based on its expenditure levels).	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes
<p>The Council receives income from the precept, grants and reimbursements from the District Council. Income received is recorded in the cashbook.</p> <p>Assurances that expected income is received occurs through the budget monitoring process. The Council do not raise fees that attract VAT.</p>	
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Not Covered (no Petty Cash)
The Council does not operate a petty cash system.	
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.	Yes
The salary payable to the Parish Clerk has been approved by Members, actual payments are in accordance with agreed terms and relevant employment related deductions are made. Employer liabilities have been paid.	
H. Asset and investments registers were complete and accurate and properly maintained.	Yes
The Council has an asset register which records the detail of each asset. The asset register is periodically reviewed by Members. Assets are properly maintained; inspections take place with outcomes being reported to the Council. Assets are insured.	
I. Periodic bank account reconciliations were properly carried out during the year.	Yes
Evidence shows that statements for each of the Council's bank accounts have been reconciled with the accounting records and presented on a regular basis (in accordance with Financial Regulations), and these have been reviewed and agreed by Members.	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>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.</p>	Yes
<p>The accounting statements have been prepared on the correct accounting basis. The accounting process as reviewed is effective and appropriate; the accounting statements agree to the cash book and are supported by an adequate audit trail from underlying records. Members review payments each meeting and verify the bank reconciliation, there is adequate evidence to show both the Parish Clerk and Members ensure effective financial control.</p> <p>Note – In April 2024 a cursory review was undertaken of the year end accounts and the draft AGAR accounts statement. This did not identify any matters to change the assessments made at the audit visit.</p>	
<p>K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt (If the authority had a limited assurance review of its 2022/23 AGAR tick “not covered”).</p>	Not Covered
<p>The Council did not certify itself as exempt in 2022/23 and therefore had a limited assurance review of its AGAR.</p>	
<p>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.</p>	Yes
<p>The Clerk has confirmed that the Council is aware of, and publishes, the information required by legislation. The Council has a Publication Scheme which details the information available and how it can be accessed. Transparency principles are followed. At the time of the audit the expected financial information was available on the Councils website.</p>	
<p>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 (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</p>	Yes
<p>Evidence confirms the Council correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.</p>	
<p>N. The authority has complied with the publication requirements for the 2022/23 AGAR (see AGAR Page 1 Guidance Notes).</p>	Yes
<p>The Council complied with the 2022-23 publication requirements.</p>	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Not Applicable
The Council (as a body) does not have trust or charitable responsibilities.	

Other Areas

Internal Control areas and Internal Audit comments
Review of the implementation of recommendations from the previous year’s Internal and External Audit Reports
<p><u>From last internal audit report</u> No recommendations.</p> <p><u>From last external audit report</u> There were no recommendations from the external auditor.</p>
Any other governance or financial control issues arising during the internal audit
None
Any ‘unusual’ matters arising from the review of the minutes of Council and Committee meetings (the approach to risk and control)
None
Any matters referred by the Council or the Clerk for review
None

The draft version of this report was discussed and agreed by the Parish Clerk.

The internal auditor wishes to acknowledge the support and assistance provided by the Parish Clerk during the internal audit review.

Duncan Edwards

Internal Audit undertaken on 24 October 2023

Duncan Edwards (2023/24 internal audits)