

# Annual Internal Audit Report 2022/23

## Shenley Church End Parish Council

<https://www.shenleychurchend-pc.co.uk/> AVAILABLE 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> .	✓		

<b>O. (For local councils only)</b>	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

26/04/2022

06/02/2023

DD/MM/YYYY

Kevin Rose - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

09/05/2023

**\*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).





Jane Munn  
Parish Clerk  
Shenley Church End Parish Council  
The Cartshed  
19a Shenley Road  
Shenley Church End  
Milton Keynes  
MK5 6AB

9th May 2023

Dear Jane,

Further to my Internal Audit of the Council in respect of the 2023 Annual Return, I am submitting my report and observations to the Council. As you will notice from the attached Internal Audit Report it was unfortunately necessary to issue a negative response in respect of Control Objective C.

### **Control Objective C**

*"This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these."*

### **Reason for the negative response Control Objective C**

The Practitioners Guide sets out that a Council "...needs to identify, assess and record risks.." and that "Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk."

The normal practice by which a Council will meet the requirements of the Practitioners Guide is for the Council to maintain a risk register and for this register to be subject to review by Council on an annual basis.

From the records available, there is no evidence that the Council has undertaken such a review.

### **Implications in respect of the Annual Return**

As previously advised it will be necessary for a negative response to be entered on the Internal Audit Report. In addition, the Council will also have to return a negative response in respect of Assertion 5 of the Annual Governance Statement.

It is highly likely that this issue will be subject to further query by the External Auditor and it would be helpful in that regard if the Council were to properly Minute a discussion of a review of this issue and to include an explanatory letter when submitting the Annual Return.

In addition to the Negative Response on the Internal Audit Report we have also responded 'Not Covered' in respect of the Control Objectives F, K, L and O and we are required to explain why we have done this.

- 
- We have responded 'Not Covered' in response to Objective F as we understand that the Council does not maintain a Petty Cash.
  - We have responded 'Not Covered' in response to Objective K is that it is not applicable to your Council as you did not certify yourself as exempt from External Audit.
  - We have responded 'Not Covered' in response to Objective L is that it is not applicable to your Council as your 'annual turnover' exceeds £25,000 and you are therefore not subject to the publication requirements of the Transparency Code..
  - We have responded 'Not Covered' in response to Objective O as we understand that the Council does not act as Sole Managing Trustee.

In addition to this letter and the statutory Internal Audit Report I have also submitted our Internal Audit Observations and Summary to you by email. I would be grateful if you could bring all of these to the Councils attention in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA  
Director

Shenley Church End Parish Council  
Financial Year 2022-23



IAC Audit and Consultancy Ltd

Audit date: 9 May 2023

Year End Internal Audit Observations

**C** *This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	The Council, as a body, has undertaken a formal review of risk (this cannot be delegated to sub-committee) - Year End Audit	<i>The Council, as a body, has not formally Minuted a review of Risk during the Financial Year.</i>	It is a requirement of the Annual Governance Statement, as well as the Annual Internal Audit Report, that the Council has undertaken a review of Risk. As no such review has been confirmed in Council Minutes the Council must record a Negative response for Assertion 5 of the Annual Governance Statement. It will also be necessary for the Internal Auditor to give a Negative Response for Internal Control Objective C on the Annual Internal Audit Report.	Non Compliance	This was noted in the parish council meeting held on 15 May 2023. The council were happy with the level of work undertaken to minimise risk and noted the requirement for the Risk document to be reviewed.
2	The value of the Councils Fidelity Insurance covers the value of the Councils cash & bank holdings	<i>Fidelity Insurance is £500,000 compared to Council bank balances as at 31st March of £634,524.</i>	The Council to review the level of its Fidelity insurance and consider whether it is adequate to cover the value of cash and bank balances held.	Medium	This was noted in the parish council meeting held 12 June (23080) and quotes for the additional cost will be sourced for further consideration.

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

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have been signed and dated as evidence of independent review (Year End)	<i>As at the date of the Internal Audit visit the year end bank reconciliations 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 should be subject to formal review and signed and dated as evidence of approval.	Medium	This was noted in the parish council meeting held 12 June (23080) and all bank reconciliations are signed.

2	Bank statements are available to for all bank accounts as at 31st March.	<i>It was noted that the banks statement for the United Trust deposit was dated 31st October 2022 and the statement for Hampshire Trust was dated 18th February 2023.</i>	Council to note.	Medium	The council are happy for the fixed term accounts to be reviewed against the annual statement received.
---	--	---	------------------	--------	---

**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	Observation	Recommendation	Priority	Comments
1	Prior year numbers reported on this years Accounting Statements agree to prior year Accounting Statements	<i>The prior year numbers of this year's draft Accounting Statement did not agree to those stated on the previous years Accounting Statements, this was due to a reclassification of an amount held as investment in 2022. This was amended by the Clerk during the visit.</i>	Council to note.	Low	This was noted and the correct information has been submitted to the EA.