

Etaerio Ltd

Annual Internal Audit Report

for

Nash Mills Parish Council

**for the financial year ended
31 March 2021**

Auditor: Philip Rhoden
Internal Audit Date: Remote: 22/04/21 to 03/06/21
Report Date: 03/06/21
Financial Year: 2020/21

Etaerio Ltd

Schedule of Recommendations

Client: Nash Mills Parish Council

Y/E: 31 March 2021

Recommendations generally reflect proper practices from the 'JPAG Practitioners' Guide' for smaller authorities & external auditor-issued guidance over the years.

	Control Area	Recommendation(s)
1	Proper bookkeeping.	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls.	<p>I understand that the council obtains a discount through SLCC with an office supplies supplier resulting in invoices being made out to SLCC Enterprises. I recommend that the council confirms with SLCC that they have established with HMRC that invoices through its discount scheme addressed in this manner are acceptable for VAT reclaim purposes by the council.</p> <p>I understand that due to coronavirus restrictions, payment lists presented to meetings and the supporting invoices have not yet been signed to evidence their approval. I recommend that as planned these documents are signed once it is permitted to do so.</p>
3	Risk management arrangements.	None.
4	Budgetary controls.	None.
5	Income controls.	None.
6	Petty cash procedures.	Not applicable.
7	Payroll controls.	As the warden now has a pay-as-you-go mobile for council business purposes, I recommend that the council checks (e.g. with HMRC) whether there are any reporting requirements regarding the purchase of the mobile or topups provided by the council e.g. P11D reporting requirements.
8	Assets controls.	<p>The internal audit identified that the value used for one of the additions to the asset register included rather than excluded VAT. This has been amended for the purposes of the AGAR. I recommend that going forward additions to the asset register are included if and as appropriate at their cost net of reclaimable VAT.</p> <p>Noting that these have been included for the AGAR, the internal audit identified a relevant purchase in the year not included on the asset register. I recommend that the guidance in the Practitioners' Guide is used to help identify potential items for inclusion.</p>
9	Bank reconciliation.	I recommend that as bank reconciliations are not currently approved by means of a 'wet signature' due to virtual meetings, the minutes reflect that the reconciliation presented has been approved, using the word 'approved' rather than 'noted' or 'received'.
10	Year-end procedures.	Noting that this has been amended for the 2020/2021 AGAR, I recommend that going forward (and as was already the case for the 2019/2020 AGAR) external payroll services provider costs be included within 'all other payments' rather than 'staff costs'.
11	Exempt Authority	Not applicable.
12	Public Rights	Re the public rights notification in 2020 re the 2019/20 AGAR: whilst the 'explanatory notes' requirement was covered on the council's website by the inclusion of a link to the NAO document: 'Local authority accounts: a guide to your rights', I recommend that going forward the 'Local authority accounts: a summary of your rights' pages included in the external auditor's public rights notice template are included with the published notice.
13	AGAR Publication Requirements	None.
14	Basic IT controls.	None.
15	Responsibility as a trustee.	Not applicable.

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NASH MILLS PARISH COUNCIL

ENTER PUBLIC WEBSITE ADDRESS www.nashmillsparishcouncil.gov.uk

During the financial year ended 31 March 2021, 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 2020/21 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. This internal audit objective is not applicable			✓
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 2019/20, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")</i>			✓
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. This internal audit objective is not applicable			✓
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
O. (For local councils only) 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

22/04/2021 to 03/06/2021
(remotely)

ENTER NAME OF AUDITOR
ETAERIO LTD AUDITOR

Signature of person who carried out the internal audit



PHILIP RHODEN, DIRECTOR

Date

03/06/2021

*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).