
Edlington Town Council

Internal Audit 2022/23: Final report

For and on behalf of Phil Parkin Ltd



Internal Audit Forum

THE VOICE FOR LOCAL COUNCIL AUDIT

This report has been prepared for the sole use of Edlington Town Council. No responsibility or liability is accepted by Phil Parkin Ltd to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

Background and Introduction

All town and parish councils are required by statute to make arrangements for an independent internal audit and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). The Town Council has requested that Phil Parkin Ltd provides this service, based on a letter of engagement agreed and signed by the Council. Phil Parkin Ltd is a member of the Internal Audit Forum – an association of Internal Auditors for local councils which promotes high quality internal audit.

This report sets out the interim work undertaken in relation to the 2022/23 financial year. I wish to thank the Clerk in assisting the process and providing documentation in electronic format to facilitate the audit.

Independence

It is important that the auditor is independent of the Council and has no conflict of interest, in order that a truly professional audit is performed. I can confirm that I comply with the Auditing Practices Board's Ethical Standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I am not aware of any relationships that might constitute a threat to my independence.

Internal Audit Approach

In undertaking my audit, I have been guided by the revised Section 4 of the Practitioners' Guide, March 2022. The Council's Clerk assisted the audit by preparing my Advance Audit Information questionnaire in November 2022, which was supported by suitable evidence.

In addition to the evidence provided in advance, substantive testing of underlying accounting records was undertaken.

Following the final stage of my audit, I will prepare a further audit report to the Council and complete the Annual Internal Audit Report section of the AGAR for submission to the external auditor. I have now done this. I repeat the findings from my interim audit, and have added additional comments in highlighted text.

Overall Conclusion

In line with previous years, there are good controls within the Council.

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My interim audit was undertaken in December 2022 and I am satisfied that sufficient evidence has been made available to support this conclusion. Additional work in April 2023 confirmed this position and I have entered positive assessments on the Internal Audit section of the AGAR.

Detailed Report

My detailed report follows the structure of the Annual Internal Audit Report section of the AGAR.

A. Appropriate accounting records have been kept throughout the year

Accounts are maintained on excel spreadsheets, which are maintained up to date and balanced.

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

Quotations are sought for all work, as evidenced in the Council's minutes. There are controls over the receipt and payment of invoices.

VAT is reclaimed promptly on a quarterly basis.

I reviewed payments made in September 2022 and found them generally to be supported by invoices or other documentation and that VAT was correctly accounted for. However, the direct debit payment to BT for £54.65 was based on an invoice for £85.87 (which was on file) and a credit of £31.22 which was not on file. Also a payment to the Royal British Legion for £101 was based on a delivery note rather than an invoice.

I recommend that all payments be supported by invoices.

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

A risk assessment was prepared and presented to the Council on 8 March 2022, and further updated on 14 March 2023. A review of the effectiveness of internal controls was made by the Council on 14 February 2023.

The Council has an agency arrangement with Doncaster Council's Play Area inspection team which inspects the recreation ground children's play equipment on a quarterly basis and advises of any remedial repairs/maintenance work required.

Other open space areas such as cemetery, community woodland and other sites are inspected/maintained by the Council's Cemetery & Grounds Maintenance staff.

The Council is insured with Aviva and is covered for £1.009m relating to buildings. Whilst the policy does not specify which buildings this refers to, the Clerk has now obtained

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confirmation that all buildings are covered.

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

The Town Council approved a budget and set a precept at its meeting on 27 January 2022. During the process, it gave consideration to the level of reserves, including earmarked reserves.

Regular budget monitoring reports are provided to the Council, with variations from budget documented. This now incorporates a brief narrative explanation for the major variations.

E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.

Signed tenancy agreements exist for all allotment holders. Controls are in place to ensure that charges are promptly raised for allotments, burials and other community use of facilities.

A diary is in place for hall bookings and sequentially numbered receipts are given for all income. I confirmed that all diary bookings in September 2022 were correctly charged and paid by the user groups.

Additionally I confirmed that all receipts issued in September 2022 – including the cemetery – were banked.

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

A petty cash float is kept and topped up as required via a cheque authorised by the Council. A record of receipts is maintained and summarised as a running total as one of the tabs within the excel cashbook. I reviewed the cash and receipts held and found that these were £8.86 less than recorded in the accounts. *The Clerk is to investigate and take corrective action.*

G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.

All staff have a contract of employment, except for two long standing casual workers who work limited and flexible hours. Encouragingly, the Council has now formalised matters by confirming employment arrangements in a letter to the staff concerned.

I sample tested the September 2022 payroll and found gross pay and deductions to be correct. I also checked Nest contributions for September 2022 – all were correct.

H. Asset and investment registers were complete and accurate and properly maintained.

The Council maintains a suitable asset register, recording new assets and removing asset disposed of. Assets are correctly recorded at cost price.

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

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Regular bank reconciliations were carried out, scrutinised by the Council and signed by the Chair.

I reviewed the year-end bank reconciliation and agreed it to bank statements.

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.

The Council maintains its accounts on the correct basis, namely income and expenditure.

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.

This does not apply to the Town Council.

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.

The Council complies with this requirement.

M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.

Public rights were properly exercised and the Council resolved the dates for the exercise of those rights.

N. The authority complied with the publication requirements for the prior year AGAR.

The Council published on its website, the conclusion of the external audit, together with the AGAR for 2021/22.

O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.

The Council does not act as a trustee for any trust funds.

26 April 2023
Report ends

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