

ANNUAL INTERNAL AUDIT REPORT BUCKLAND BREWER PARISH COUNCIL

During the financial year ended 31 March 2022, 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 appendix to this report lists the areas examined.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. Buckland Brewer Parish Council is situated in rural North Devon near Bideford. The population is under 1,000 with a community shop, school, pub, Church and chapel. There are nine parish councillors.

On the basis of the findings in the areas examined, the internal audit conclusions are summarised in the table in the AGAR Annual Internal Audit Report. **This report explains the review done behind the choices made in the Internal Audit Report 2021/22.**

Set out below are the objectives of internal control and underneath 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

A. Appropriate accounting records have been properly kept throughout the financial year AND periodic bank account reconciliations were properly carried out during the year.

The authority has three bank accounts. *The General account [Community Account 20-04-59 03486281]* has been fully vouched to the detail ledger kept on a spreadsheet which records all transactions in the year. This is the main account for the Council's activities and so all income and expenditure except that separately held goes through this account.

The opening balance for reporting was £9,927.33CR and the closing balance after adjustments was £12,078.97CR. The cut-off was applied correctly and a bank reconciliation to the year-end has been reviewed and is correct. There are two uncleared cheques from 2021/22 at the year-end in total £630 and all income has been received and banked.

One comment: an uncleared cheque 100581 for £324 has been carried over from 2019/20. This was discussed and action is being taken. The detail ledger has also been checked to the record of approved income and expenditure in the minutes of the Council. Once a quarter a statement which gives the year-to-date activity and comparison with the approved budget is presented to the Council and approved. Bank reconciliations are done on the face of the bank statements.

The Thornhillhead Moor Account [20-04-59 33930084] had an opening balance for reporting of £7,992.55 and a closing balance of £8,472.20. This account holds income from a stewardship fee and payments are made to graziers annually. The cut off was correct. There are four uncleared cheques in total £855.

The Active Saver account [20-04-59 33930548] has a balance of £47,310.07CR at 31/3/22. This holds a deposit and earns interest but had no other activity in 2021/22. The interest rate was 0.1% from 19/3/22 though this may increase due to a raise in base rate. The deposit is eligible for protection under the FSCS as the other two accounts. As the latest bank balances to mid-May were £75,517 in aggregate and held in one deposit-taker this is a useful protection.

A fixed register is maintained and has been updated with two asset purchases. Historic cost was vouched back to original invoices. The laptop cost recorded excludes software and is recorded at

£586.67 in the register. The other acquisition of a bench is recorded at £267.99 as per invoice. A further laptop has been retained as a backup [recorded at £477.52 in 2020/21's register].

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

Financial regulations revised and adopted 14th July 2021 [Minute 444a] were downloaded from the website for the Council and reviewed. Section 3 requires a budget to be prepared annually and a precept issued. This was done in 2021/22. Section 4 requires regular budget statements to be prepared. Quarterly statements were presented at Council.

Under section 10/11 3 quotes are required for purchases above £500. From the minutes quotations sought for the amenity field fitness suite, eventually awarded to Fresh Air Fitness [minute 525] for £14,995 plus VAT out of 4 suppliers. 3 quotes were sought for advice on the industrial units [minutes 600 and 618].

All payments except electricity on Direct debit to Eon were made by cheque signed by two signatories [counterfoils]. All payments were supported by invoices and/or approval at Council. A small thing but the minutes don't list the cheque numbers which might be useful in future reviews. Some payments were for grants and were checked to the minutes for authorisation. A full review of the grants awarded was done and all grants checked to the relevant minutes, cheques and the monitoring statement at the year end. All grants were to local bodies or bodies that would benefit the local area e.g., the CAB.

An end of year VAT claim was submitted for £1,348.80 which agrees with the total VAT incurred from the ledger. A sample of entries was checked and agreed with invoices kept. The claim is significantly larger than the prior year claim of £286.43 due to significant expenditure in the year. It is also possible that 2020/21 was lower than customary due to COVID.

The council is not registered for VAT and makes its reclaim on non-business activities [as a s33 Body] so it would not account for VAT on its own taxable supplies or be able to recover related input tax. The resale of the mugs [Minute 641b] which is a taxable supply should then not see irrecoverable VAT for the Council as **the Jubilee Committee is not a part of the Council.**

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

Council minutes include discussions on projects, funding and outcomes which include financial considerations. A full risk register is kept and was last updated on 13th February 2019. This is on the website. The majority of activities are deemed to be low risk and adequately acted on. It is not known if the insurance renewal considered the adequacy of cover and nature of risks. COVID has been a constant risk and this has been catered for by risk assessments.

The Council has considered 'business continuity' by discussion of the new four-year term from 2023 and has started to advertise for councillors to stand. It is noted the councillors attend training courses to assist them in their understanding of their role. A number of co-options were made during the current term so the Council is sensible in planning ahead to get people to stand. The Clerk is retiring in 2022 and the Council has taken steps to find a replacement.

The Council has standing orders based on the NALC model and revised at June 2018 to govern its conduct and has adopted the Code of Conduct in May 2015 which includes the Nolan Principles which govern the behaviour of councillors in this context. The standing orders give a ceiling of of£25,000 below which tenders aren't required. Financial regulations already referred to further govern the award of contracts and spending and receipting. The website link to the Standing Orders goes to a road traffic notice.

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

Regular budget monitoring took place in 2021/22 in the form of quarterly reports [July meeting, November both noted in the minutes]. These showed year to date activity against budget heads and a comparison with the approved budget set. In 2021/22 a budget meeting was convened on 12th January 2022 to set the budget for 2022/23 along with the precept for 2022/23 at £14,500. Reserves at 31st March 2022 are £67,861, comprised of thirteen earmarked reserves along with a general reserve of £11,851. The general reserve is lower than the expenditure in 2021/22 of £24,776 on the General Account though this was amply covered by income in the year. A transfer from the Thornhillhead Moor account of £15,000 [approved Minute 570] was approved to establish a Development Reserve. The other reserves, in total £21,538, are earmarked. The Development Reserve is intended to fund social housing [unless as an alternative affordable housing is built as part of a local development of 53 houses]. It will also go toward the development of industrial units.

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

Yes, this is clear from the ledger, vouched to the bank account and recorded in the minutes. The allotment rentals spreadsheet was reviewed and checked to the bank account for the General Fund. Grant notifications and remittances for wayleaves are kept on the main file and were checked to the income received. The prior year VAT refund of £286.43 was received 2/7/21. The authority is not registered for VAT or at the time of writing making taxable supplies. See Notice 749 [HMRC re registration for Local authority].

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

The Council doesn't use petty cash.

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.

There is one salaried employee, the Clerk, and his salary and allowances were listed on a payment schedule on the agenda and minutes and payment made by cheque in accordance with this. A national pay award for 2021/22 was agreed in late February and claimed on the February pay calculation. The backdated pay was correctly calculated and claimed. The Clerk declared PAYE at 20% of gross pay based on these records. He does not pay NI. At the time of writing the Clerk makes purchases and reclaims these on cheque. Online banking is being looked at.

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

An asset register to 31st March 2022 was included on the USB provided. This has already been commented on.

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

As above in Section A the reconciliations were done on the face of the bank accounts.

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.

This authority prepares accounts on a receipts and payments basis i.e., transactions agree to cash and bank and no accruals are made so there should be no accruals, debtors or creditors provided for.

K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered").

This does not apply.

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 does not apply in 2021/22. However, the Council states it follows the Transparency Code and publishes information on its website. This information is extremely useful and comprehensive.

M. The authority, during the previous year (2020/21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

The dates given were 30th June 2021 to 10th August 2021 which was 30 working days.

N. The authority has complied with the publication requirements for the 2020/21 AGAR (see AGAR Page 1 Guidance Notes).

Yes, the 2020/21 AGAR is published in its separate sections on the Council's website.

O. The Council met its responsibilities as a trustee.

This does not apply.

Helen M Darch CPFA 15th June 2022

Appendix 1 Papers reviewed

Fixed asset register at 31st March 2022.

Minutes of the Council from March 2021 to May 2022.

Receipts and payments day/cash ledger accounts for the General Account and Thornhillhead and the summary papers for the AGAR returns.

The draft AGAR 2021/22 Sections 1 and 2.

Bank reconciliation done for the three bank accounts at 31/3/22.

List of allotment rents 2021/22.

Clerk payroll records and vouched to expenses claims.

Grant income and wayleaves notifications.

Financial regulations updated July 2021.

[briefly] Standing Orders adopted June 2018.

Bank accounts for the three accounts held by the Council.

VAT account working papers.

Invoices held on file full tick back to the cheque book and the cash ledger.