

Annual Internal Audit Report 2021/22

Holbeach Parish Council

www.holbeach.parish.lincolnshire.gov.uk

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 internal audit for 2021/22 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 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
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).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
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).

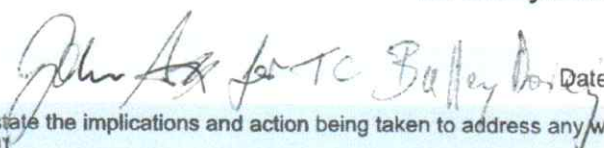
Date(s) internal audit undertaken

27/05/2022

Name of person who carried out the internal audit

TC Bulley Davey

Signature of person who carried out the internal audit



Date
27/05/2022

*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).

Annual Internal Audit report 2021/2 – explanation of “not covered” response

where the internal auditor has answered ‘No’/‘N/A’/‘Not covered’ to any objectives on the AIAR, an explanation for those answers

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 2020/21 AGAR tick “not covered”)

Holbeach Parish Council did not certify itself exempt from a limited assurance review in 2020/21. The authority did have a limited assurance review. The audit for 2021/2022 was carried out in April and May 2022. The audit for 2022/2023 will be undertaken at the end of that accounting year.

INTERNAL AUDITOR'S REPORT TO

HOLBEACH PARISH COUNCIL

For The Year Ended 31 March 2022

Introduction

In our role as Internal Auditors to Holbeach Parish Council, we hereby report our findings on the main areas as outlined in the AGAR Return Part 3 as follows:-

We were readily supplied with all financial information as requested from the SCRIBE system which has been fully utilised this year. SCRIBE is a cloud-based software, specifically designed for use by managing Parish, Town and County Councils.

The current Clerk was engaged in June 2020 and we note that even during Covid-19 restrictions, she has managed to make the Council's systems and procedures far more robust with the introduction of bespoke accounting software and the addition of new written Fixed Assets and Asset Disposal Policies, a Procurement Policy, Reserves Policy, Members Expenses Policy and also Financial Risk Assessment and updates to the pre-existing Financial Regulations Policy.

A. Appropriate accounting records have been properly kept throughout the financial year

SCRIBE software accounting system was fully introduced from the 2021/22 financial year and has reduced the need for double data entry which was previously required with the use of Excel spreadsheets, etc.

SCRIBE has the advantage of being able to prepare the VAT Returns and provides debt and credit control and other information linked to the accounting procedures. Furthermore, it satisfies the HM Revenue & Customs requirements for Making Tax Digital (MTD).

Reconciliations were prepared on a monthly basis and the records were all in order and well maintained.

The year-end inputs were available promptly and balanced successfully in preparing the Income and Expenditure reports.

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

The Council follows its pre-agreed financial regulations and standing orders. During the year and as reported in the Auditors last audit report, Jan Hearsey was appointed as the RFO.

The Council has rigorous systems in place for the approval of payments and all other financial transactions. A payments list is presented at the monthly meeting of the Council and approved by the members prior to payments being authorised. Any expenditure in excess of £20 and up to £500, that the Clerk requires to pay, is authorised by 2 Councillors prior to settlement.

We randomly selected some purchase invoices to ensure these were accounted for correctly and no issues were found. VAT has been accounted for through the SCRIBE system and submitted quarterly to HMRC. The final quarter VAT refund was confirmed as received 14 April 2022.

S137 payments are discussed during Council Meetings and minuted accordingly. They are kept as a running total to ensure that no limits are exceeded.

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

The Council has a Finance Committee in place to assist in examining financial matters. They, and the Council themselves, are aware of their requirement to maintain internal controls to manage risk.

Internally, roles are specified, and best practices kept to ensure an adequate separation of duties. Such matters as property values and insurance policies are updated annually.

As a whole, this assists in mitigating any large risks to the Council achieving its objectives.

During the financial year, due to a re-structure of the Finance Committee, there were 10 meetings, the minutes of which are fully recorded on the website. Meetings are now scheduled for each month.

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

The Council maintains a budget for each year which is agreed by the Council.

Regular, up-to-date financials are included at the Council Meetings to show the reports of income and expenditure throughout the year. This enables the Council to see variances throughout the yearly cycle and identify any discrepancies.

Reserves have been managed accurately throughout the year.

The Council also publishes the financial records (budgets, estimates, precept) on it's website.

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

Budgetary controls, as mentioned above, are in place to ensure that any precept level is viable and suitable for the Council. The amount, as budgeted for, was received during the year.

Additional income comes from sources of property rental income, cemeteries and grants, with other small income streams such as interest.

The debts are maintained on the SCRIBE system and the RFO can actively check arrears or any long-standing debts. If, and when cash is received, it is banked promptly and without delay.

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

Following a change in procedures introduced by the Clerk, there are no petty cash transactions as it is no longer used.

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

The payroll process is managed in-house. All salary payments are agreed at a monthly meeting and the salary levels set in-line with NMW/NLW and the National Association of Local Council Circulars in mind.

HMRC payments of PAYE and NIC are made accordingly and within the specified time frames and all other legal requirements such as pension schemes are maintained and paid accordingly and timeously.

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

The Asset Register is fully maintained using the SCRIBE system, on a cost basis and is checked annually in line with the insurance requirements.

The amounts agreed to those entered on the AGAR Return.

I. Periodic and year-end bank account reconciliations were properly carried out

Reconciliations are produced monthly, and the year-end figures agreed to statements and outstanding cheque reports.

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

The accounts have been prepared on an income and expenditure basis as required for Parish Councils with a precept in excess of £200,000. An adequate audit trail is maintained using the SCRIBE system. Debtors and creditors have been recorded at the year end and confirmed no disputes and all amounts settled post the financial year end.

Whilst SCRIBE has produced and maintained the accounting information required, there are a number of reporting matters that it was felt could be improved upon and as a result of this, for the 2022/23 accounting year, the Council have decided to transfer the accounting functions over to Rialtos Accounting and Administration Solutions which provides more dedicated reporting and will allow the Council to provide more specific and detailed reports.

Internal Audit Opinion

In this report we have discussed and outlined the main areas that are covered within the AGAR Return. We offer an unqualified audit opinion of the statements, confirming that they do follow all statutory requirements for the year they represent.



TC Group
9/10 The Crescent
Wisbech
Cambs PE13 1EH

27 May 2022

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

HOLBEACH PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

	Agreed			'Yes' means that this authority:
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓			prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓			made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓			has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.		✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓			considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓			arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓			responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓			disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A	has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.
			✓	

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

13/06/2022

and recorded as minute reference:

2022/3 - 027 (c).

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Signed by the Chairman and Clerk of the meeting where approval was given.

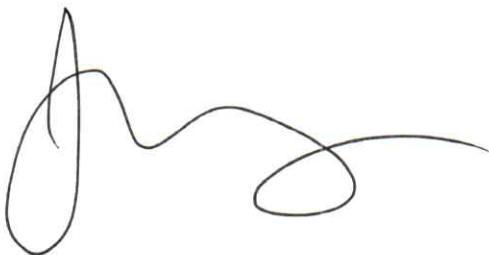
Chairman

Clerk

Explanation of Box 4 – Annual Governance statement

The document for the exercise of public rights for the year 2020/2021 published on the 14th June 2021 had a typing error and should have read ending on Friday 23rd July 2021 as opposed to Thursday 1st July 2021. This notice was displayed until the end of August 2021 and the public had access to exercise their rights during this time.

Signed



Jan Hearsey

Responsible Financial Officer

On behalf of Holbeach Parish Council

14th June 2022

Section 2 – Accounting Statements 2021/22 for

HOLBEACH PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2021 £	31 March 2022 £	
1. Balances brought forward	118,140	109,938	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	213,589	223,315	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	62,203	72,784	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	125,798	116,480	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	5,865	5,865	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	152,331	183,263	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	109,938	100,429	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	115,670	111,066	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	1,908,474	1,960,910	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	83,831	81,802	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
		✓	

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval



Date

13/06/2022

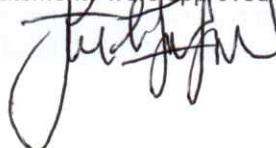
I confirm that these Accounting Statements were approved by this authority on this date:

13/06/22

as recorded in minute reference:

2022/3 - 027 (d).

Signed by Chairman of the meeting where the Accounting Statements were approved

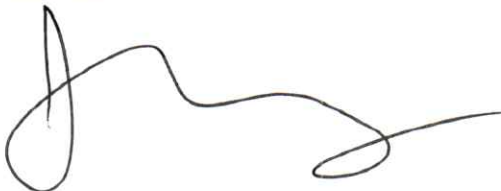


DECLARATION OF THE STATUS OF PUBLISHED ACCOUNTS FOR THE YEAR ENDING

31ST MARCH 2022

The statement of accounts for Holbeach Parish Council published today is unaudited and may be subject to change.

Signed



Jan Hearsey


Responsible Financial Officer

On behalf of Holbeach Parish Council

14th June 2022



Clerk/RFO: Jan Hearsey

Coubro Chambers, 11 West End 
Holbeach, PE12 7LW

01406 426739 

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@HolbeachParishCouncil 

The external auditor of Holbeach Parish Council is:

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15 Westferry Circus
London
E14 4HD
Phone: [020 7516 2200](tel:02075162200)