# Hyde Parish Council

## Financial Year 2021-22

IAC Audit and Consultancy Ltd

**Year End** **Internal Audit Observations**

**Audit date:** 3- May -2022

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

| No. | Audit Test | Observation | Recommendation | Priority | Comments |
|---|---|---|---|---|---|
| 1 | Have Minutes been signed in accordance with the requirements of Schedule 12- paragraph 41 (2) the Local Government Act 1972 (this requires each page to be initialled and the final page signed) | *It was noted that a number of Minutes had not been signed in accordance with the requirements of the Local Government Act 1972. The last pages of 19 May 2021 and of the 14 July 2021 Council Meeting Minutes have not been dated.* | The Council to ensure that Minutes of meetings are signed in accordance with the legislative requirements. In particular Minutes of meetings should be initialled on each page and signed and dated on the final page. | High | Signature & Date lines have now been added to the footer to show on each page of the minutes to stop this happening in future |

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

| No. | Audit Test | Observation | Recommendation | Priority | Comments |
|---|---|---|---|---|---|
| 1 | Is Clerk CILCA qualified? | *The Council has appointed a new Clerk during the year* | The Council should consider whether the Clerk should be CiLCA qualified. | Medium | The Council and Clerk are considering this, however, the recommendation is to leave this for a year before starting on the qualification. |

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

| No. | Audit Test | Observation | Recommendation | Priority | Comments |
|---|---|---|---|---|---|
| 1 | The Council has reviewed any points raised by the Internal Auditor as required | *From a review of Minutes it was not possible to verify that the Council has reviewed the report of the Internal Auditor* | The Council to ensure that it formally records in its Minutes the review of Internal Auditors reports. | Medium | This years minutes will show the review of all parts of the AGAR separately, thereby avoiding any part being missed. |
| 2 | Regular budget reports have been presented to council and there is evidence that corrective actions have been taken as a result of review | *From a review of Minutes it was not possible to verify that the Council has regularly reviewed progress against budget.* | The Council should ensure that progress against budget is subject to regular review during the year, either through meetings of Full Council or a nominated Committee. | High | Progress against the budget will be reviewed at least every three months through meetings of the Full Council |

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| 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.** | | | | |
| **No.** | **Audit Test** | **Observation** | **Recommendation** | **Priority** | **Comments** |
| 1 | Accounting Statements Box 4 - Staff Costs value agrees to total payments of Salaries, Wages and Pensions? | *Accounting Statements Box 4 value does not agree to total payments of Salaries, Wages and Pensions. Financial year end fee was included in this box as were payments made for a Locum Clerk (Box 4 cost should only include wages, tax, national insurance and pension costs in respect of Council employees) Total Box 4 cost computed by the auditor was £6,667.95* | The Council to note the difference between the draft Accounting Statements Box 4 value and the value computed by the Internal Auditor. The Council to review the computation and, if appropriate, amend the Box 4 value. | High | Difference noted. Financial year end fee was **NOT** included in this box. The item was a pyt to the clerk, who had left, for the preparation of the year end audit. Draft Accounting Statements will be amended as necessary. |
| 2 | Postings to Salaries expense codes ONLY relate to staff and do not include items such as payments to non-employees or payroll provider costs. | *Postings to Salaries expense codes include non-payroll items such as payments to non-employees. Subcontractor fee for doing financial year end was included. (see above)* | The Council to review the accounting for these items and ensure that non-payroll costs, such as those to Locums, are not treated as salary expenses and are not included with the Box 4 value in the Accounting Statements | Medium | Noted |
| H | **Asset and investments registers were complete and accurate and properly maintained.** | | | | |
| **No.** | **Audit Test** | **Observation** | **Recommendation** | **Priority** | **Comments** |
| 1 | The asset register has been subject to review by Council | *The asset register has not been subject to review by Council. The asset register as a whole has not been reviewed during the financial year however the Samsung Tablet bought in July 21 has been added to the register.* | The Council should formally review the asset register each year prior to the approval of the Accounting Statements | Medium | The asset register **was** formally reveiwed at the end of the year and was included on the second page of the accounts, which were signed at our April 22 meeting. These were included in the information for the audit under item no 36. |
| I | **Periodic bank account reconciliations were properly carried out during the year.** | | | | |
| **No.** | **Audit Test** | **Observation** | **Recommendation** | **Priority** | **Comments** |
| 1 | End of month bank statements have been reconciled to accounts (interim) | *End of month bank statements have not been reconciled for all accounts* | The Council should put in place arrangements for reconciliation of its accounts to all monthly bank statements. | Medium | These will be included this year, however, apart from in December 21 when the NS&I account had interest added, the Savings accounts remained the same with no activity. |

| No. | Audit Test | Observation | Recommendation | Priority | Comments |
|---|---|---|---|---|---|
| 2 | There a bank reconciliation for each account (Year End) | *End of month bank statements have not been reconciled to accounts. Not all bank accounts have been included in bank reconciliations. The NS&I account balance and a £10 cash float (recorded in last years accounts) were not included in the bank reconciliation.* | Bank reconciliations must be carried out for each of the Councils bank accounts. | High | Noted for the current year. The £10 cash float is to do with the key deposit of £10 and this was shown on the accounting statements |
| 3 | Bank statements are available to for all bank accounts as at 31st March. | *It was noted that the bank statement for the Lloyds Business Instant account is dated 2020. It is unclear why this account is still in use by the Council.* | Council to note that bank statements as at the 31st March were not available for all bank accounts and that these balances could not be confirmed as part of the Internal Audit.<br>Council to consider whether it needs to keep the Business Instant account or whether this account should be closed and the balance transferred to another account. | High | Bank Statements had been requested from all accounts for the year end. Lloyds don't issue statements unless the account is used during the year and then will only issue in the month of activity. NS&I account statement was requested, however, I was informed that the only time we would have a statement is after the interest has been added as this was how this particular account worked. Will look at transfering the savings account balances during the current 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.** | | | | |
| **No.** | **Audit Test** | **Observation** | **Recommendation** | **Priority** | **Comments** |
| 1 | Audit Extended Trial Balance agrees to draft Accounting Statements | *The Internal Audit Extended Trial Balance does not agree to the draft Accounting Statements. Subcontractor fee was included in box 4 instead of box 6.* | Council to review the values stated in the draft accounting statements to ensure that they agree to the Councils accounting records | High | Noted - will be done |
| **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.** | | | | |
| **No.** | **Audit Test** | **Observation** | **Recommendation** | **Priority** | **Comments** |
| 1 | The Council has published the location of public land and building assets in accordance with the requirements of the Transparency Code for Smaller Authorities | *The Council has not published the location of public land and building assets in accordance with the requirements of the Transparency Code for Smaller Authorities* | The Council MUST publish the location of public land and building assets in accordance with the requirements of the Transparency Code for Smaller Authorities | Non Compliance | This is not applicable to Hyde as we don't have any public land or building assets |

| | N | The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes). | | | |
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| | **No.** | **Audit Test** | **Observation** | **Recommendation** | **Priority** | **Comments** |
| | 1 | The Annual Governance Statement was approved at a meeting of Full Council as required by Regulation 12 of the Accounts and Audit Regulations 2015 | *The Annual Governance Statement was not approved at a meeting of Full Council as required by Regulation 12 of the Accounts and Audit Regulations 2015. (The Minutes of the meeting refer to 'members approved the year end figures', which is not approval of the Annual Governance Statement)* | The Council MUST ensure that the Annual Governance statement is reviewed, and approved, as a specific item at a meeting of Council. The Minutes of the meeting must clearly state the 'Members considered and approved the Annual Governance Statement' | Non Compliance | Noted |
| | 2 | The Annual Accounting Statement was approved at a meeting of Full Council as required by Regulation 12 of the Accounts and Audit Regulations 2015 | *The Annual Accounting Statement was not approved at a meeting of Full Council as required by Regulation 12 of the Accounts and Audit Regulations 2015 (see above)* | The Council MUST ensure that the Accounting Statement is reviewed, and approved, as a specific item at a meeting of Council. The Minutes of the meeting must clearly state the 'Members considered and approved the Annual Accounting Statement' | Non Compliance | Noted |