

Ruskington Parish Council

Internal Auditors Report

Year Ended 31 March 2022

Introduction

I have carried out the Internal Audit of Ruskington Parish Council for the year ended 31st March 2022.

Internal Audit Opinions

Unqualified internal audit opinions have been issued on the relevant areas prescribed by the Annual Internal Audit Report included on the Annual Governance and Accountability Return (AGAR) (Part 3) which is required to be submitted by the Parish Council to the external auditors PKF Littlejohn LLP. The summary that follows is broadly in line with those areas.

Following the COVID Pandemic the Council's services have resumed fully to its residents.

It is noted that the Council entered into a loan agreement with NKDC for the sum of £260,000 and this was transacted at an interest rate of 1.86% for a period of 25 years to enable the purchase of Parish Offices. It is also noted that the purchase of 7-9 High Street was completed on 1st November 2021.

It is also noted that the Council resolved to become VAT registered from 1st April 2022.

The Council resumed face to face meetings from May 2021 following the Pandemic which was in line with legislation.

Summary

Appropriate Books of Account

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

The computerised Cash Book from QuickBooks has been kept up to date throughout the year and was accurate in its compilation.

Reconciliations are carried out monthly which proved that the records were in order. Similarly, the year-end accounts were also balanced off successfully.

The Council's Standing Orders/Financial Regulations

The Parish Council has complied with its financial regulations, payments were supported by Invoices and all expenditure was appropriately approved.

The Council has in place Standing Orders and Financial Regulations which have been approved by the Council and were last re-adopted at the Council's annual meeting on the 10th May 2022.

There have been changes to staffing during the year but a full review of staff contracts has been undertaken and effective from 1st April 2022 all staff are being paid according to their national scale point. It is nice to see this proactive approach to staffing from the Parish Council

The Council has separate Clerk and RFO function's which clearly aids the separation of duties and adds credibility to the financial standing of the Council.

The RFO Kirsty Sinclair continues to operate the 'QuickBooks' package in a professional manner and monthly reconciliations in all areas are completed.

The Council have a particularly good record of approving its expenditure and a detailed review shows that payments are supported by valid trade invoices.

Risk Assessment

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

The Council are aware of its role in carrying out and updating its various risk assessment procedures as and when necessary.

The Risk Management Policy and Risk Assessment documents were reviewed during the year which is good practice.

Various other policies were reviewed during the financial year which included:

1. Health and Safety Policy statement
2. Safeguarding
3. Environment

Also the New 'Code of Conduct' was adopted by the Council.

In addition, the insurance values are reviewed annually by virtue of the index linked insurance policy.

Internal Control Risks within the Office environment are reviewed as far as possible within a small office by the appropriate separation of duties where possible.

Supporting this is the fact that the Council have an Internal Auditor in post.

Budgetary Controls

The Precept requirement resulted from an adequate budgetary process; progress against the budget was monitored; and reserves were appropriate.

The Finance and Policy Committee of the Council prepares a budget which is then submitted to the January meeting of the full Council for member's final approval. This process is satisfactory.

The precept budget for the year 2022/23 was agreed by Council on the 11th January 2022 showing a circa 7% increase on the previous year.

The RFO reports income and expenditure against budget quarterly to the Council and it is clear that action is taken if variances dictate this.

The precept was underspent by approximately 6.00% which further enforces the budgetary control measures put in place by the Council.

Reserves held by the Council at the end of year increased by some 30%, this was in line with expectations and includes reserves for the subsequent refurbishment of the building and the associated garden.

The Reserves therefore are considered to be at an acceptable level.

Income Controls

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

Aside from the Precept levied on North Kesteven District Council, the main income to the Council is the use of the Parish Cemetery.

Due to the loan from NKDC receipts increased substantially but was offset by the increase in payments on the completion of the property purchase in November 2021.

Cash and Cheques are banked regularly by the officers and found to be accurate.

Payroll Controls

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

The Council approves all staff salaries in accordance with the National Association of Local Council circulars.

Deduction of PAYE and NI are applied and paid over to HM Revenue and Customs on a regular basis.

Asset Controls

Asset and Investment registers were complete and accurate and properly maintained.

An Asset register exists and is in line with the Council's insurance schedule. It is regularly updated.

Bank Account Reconciliations

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

The production of monthly bank account reconciliations from QuickBooks are in existence and proves the finances are correct.

Year End Procedures

Accounting statements prepared during the year were prepared on the correct accounting basis, agreed with the cash book, supported by an adequate audit trail from the underlying records, and where appropriate debtors and creditors were properly recorded.

The Council's QuickBooks accounting package produces the required figures on an Income and Expenditure basis, to enable the final figures on the Annual Governance and Accountability Return to be supported.

As previous years under the current external audit system a threshold of £200,000 applies, this requires additional information to be forwarded to the external auditors and this has been complied with.

Exercise of Public Rights

The Authority has demonstrated that during the summer of 2021 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Other Risk Areas

There are no other risk areas which I consider need bringing to the members attention.

Acknowledgement

May I thank the Council's Clerk, Kathryn Locke and RFO Kirsty Sinclair for their kind help and assistance during the course of the audit, this is very much appreciated.



Ian Sismey

Internal Auditor

August 2022