

# Annual Internal Audit Report 2020/21

## LEVENS PARISH COUNCIL

www.levens.org/levens-parish-council

During the financial year ended 31 March 2021, 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 2020/21 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 2019/20, 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")			✓
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.			✓
M. The authority, during the previous year (2019-20) 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 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	✓		
<b>O. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes ✓	No	Not applicable

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

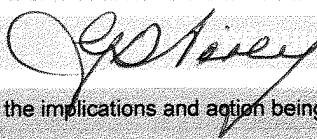
Date(s) internal audit undertaken

30/05/2021

Name of person who carried out the internal audit

GEORGINA D.AIREY

Signature of person who carried out the internal audit



Date

30/05/2021

\*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).

**AUDIT REPORT BY THE INTERNAL AUDITOR TO LEVENS PARISH COUNCIL  
PERIOD 1<sup>ST</sup> APRIL 2020 – 31<sup>ST</sup> MARCH 2021  
FINANCIAL YEAR ENDING 31 MARCH 2021**

I confirm I have, on the 31<sup>st</sup> May 2021 undertaken an internal audit for the period 1<sup>st</sup> April 2020 - 31st March 2021 (in accordance with the Account and Audit Regulations (England) 2016 and in accordance with the Council's approved audit plan and incorporating any new requirements as outlined in "Governance and Accountability for Local Councils" A Practitioners' Guide (England) March 2020

Sct 25, 26 & 27 of The Local Audit and Accountability Act 2014 and The Accounts and Audit (England) Regulations 2015(SI 2015/234) and The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 (SI 2020/404) requires a Council to publish, Notice of Public Rights and Publication of unaudited Annual Governance & Accountability Return. The Clerk/Responsible Financial Officer (RFO) undertook the requirement and the date of announcement was posted, 18<sup>th</sup> July, advising documents were available for inspection from 20<sup>th</sup> July until 1<sup>st</sup> September 2020 The notice was posted on the website and on the noticeboard.

Sections 20(2) of The Local Audit and Accountability Act 2014 and The Accounts and Audit (England) Regulations 2015 /2020 as above, requires a Council to publish, as soon as reasonably practicable, after the conclusion of the audit, a statement on the website that the audit has been completed.

The requirement has been undertaken. The Annual Governance and Accountability Return, (AGAR) with all attendant information was publicly displayed dated 21st November 2020, on the Council website, having been received from the External Auditor, ensuring compliance with all aspects of the Regulations.

The Council received an unqualified audit report from the External Audit. Minor matters, referred to the need to compile the financial information in the previous year to allow comparison with the 2019/20 financial year. This resulted in the requirement to transfer to income and expenditure accounts due to increased financial activity which exceeding the £200k. The comments did not detract from the validity of submitted financial statements on the Annual Government and Accountability Return(AGAR) It is confirmed the Accounts and all governance documents fulfilled the requirements of the Account and Audit Regulations. The Council was advised of the receipt of the concluded External Audit, which was recorded in the minutes of the meeting 12<sup>th</sup> January 2021.- Minute 63/20g.

To comply with Government guidance and social distancing regulations during the Covid 19 pandemic the Audit was conducted by examining documents sent by e-mail by the Clerk, information displayed on the Council website and the Clerk providing additional information for clarification in response to queries.

Detailed below are the findings of the Internal Audit.

### 1. Proper Bookkeeping

The Council operates Receipts and Payments accounts as required by the Regulations. The Cashbook records receipts and payments under specific budget headings allowing immediate identification of spending in each budget sector.

There is clear segregation of Leven Parish Council Accounts from the Levens Community Project Accounts. Each is readily identified..

The cashbook is balanced monthly and also records cumulative spending to date. There is the additional security of an internal checking system to monitor the accuracy of the data input into the computerised accounts. All data is held securely on a U.K Cloud base.

### 2. Financial Regulations, Standing Orders, Transparency Code.

Financial Regulations and Standing Orders are current and include all recent legislation.

There is annual review and the draft documents have been prepared for adoption and approved at the meeting held on 14<sup>th</sup> July 2020. Finance Regulations – Minute 06/20 iv. Standing Orders – Minute 06/20iii

Levens Parish Council have not had income or expenditure below £25,000 or over £200,000 in the current financial year 2020-2021 placing on it a statutory obligation to adhere to the Transparency Legislation. However guidance expects that Councils outwith the legislation are expected to comply with the requirement to publish information applicable to authorities over £200,000. Levens Parish Council has provided documentary evidence by reports and minutes to confirm that the Council is actively working with the new web designer to ensure compliance with Transparency Legislation.

### 3. Invoice procedure

There is a clear audit trail from the financial records, supported by invoices and all payments are authorised and duly recorded in the minutes. Segregation is transparent of Levens Parish Council core activity and that of the Project.

### 4. VAT

A VAT debtor is identified on purchases for the period ending 31<sup>st</sup> March 2021.

It has not been possible to verify the accuracy of the figure due to the interaction of may repayments made between the Project and the Parish Council.

**RECOMMENDED that VAT payments due to the Council and paid from the Project should be recorded in a separate expenditure column, this will allow for a full VAT reconciliation from the Cashbook.**

**5. Sct 137 Payments**

The RFO has identified and adhered to the statutory requirement to maintain 'a separate account' of expenditure under Local Government Act 1972 section 137, by the inclusion in the cashbook of a separate accounting column.

Expenditure identified under this power – Air Ambulance £100 x 2

**6. Risk Management**

The Council has documentation clearly identifying risks associated with activities undertaken by the council both financial and physical. A draft document was received, reviewed and approved at the meeting held on

**7. Minutes**

The Minutes clearly documents the activities of the Council and there is no evidence of unusual financial activity. Loose-leaf minutes are sequentially numbered and verified by the initials of the Chairman.

**8. Register of Interest**

Members have duly completed the Register of Interests and fulfilled their obligation to keep it updated. ....

**9. Budget Control**

A correct budget process is in place and the budget is regularly monitored. Forecasting over/under budget spending identifies variances, which is addressed appropriately if required.

**10. Cash Balances**

The cash balances at the bank of considered adequate to enable the Council to fulfil the obligations in the 2021/22 budget.  
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**11. Income Controls**

All income is recorded and promptly deposited at the bank. No cash income.

**12. Petty Cash/Clerk's Expenses**

The Council does not operate a Petty Cash Account.

All spending under Clerk's Expenses is notified to and approved by Council

Sums drawn are allocated to the appropriate budget head and VAT is identified and claimed.

**13. Payroll Controls /Appraisal of the Clerk/RFO**

All PAYE/NIC records are up to date and submissions to HMRC are made in real time online.

The report concluding the appraisal and salary review of the Clerk/RFO was received and approved at the Council Meeting held on 13th October 2020 – Minute No 34/20g.

**14. Asset Control**

The Asset Register documents assets held by the Council. - £8885 which is recorded in the 2020-2021 AGAR

All assets are adequately covered by insurance with Zurich, which is in the final year of the three year agreement

**15. Bank Reconciliation**

Bank Reconciliations are carried out on receipt of bank statements and accurately portray the financial position of the Council. It is confirmed that there are no unexplained balancing entries. The Chairman signs the corresponding bank statement for accuracy.

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**Conclusion**

I confirm Levens Parish Council is compliant with all Account and Audit Regulations and statutory requirements: -----

In concluding the report I wish to express my appreciation to the Clerk/RFO for his assistance with queries and the thorough preparation and availability of all documents, required in the new circumstances, which expedited the audit process as a result of accurate and transparent records.



**Georgina D Airey**  
**Internal Auditor – 31<sup>st</sup> May 2021.**