

# Annual Internal Audit Report 2021/22

Kettlethulme Parish Council

www.kettlethulme.org

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.		✓	see internal audit report
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.	N/A		no petty cash held
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")	N/A		✓
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)	Yes	No	Not applicable
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: 02/05/2022  
 Name of person who carried out the internal audit: JDH BUSINESS SERVICES LTD

Signature of person who carried out the internal audit: [Signature]  
 Date: 02/05/2022

\*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).



**INTERNAL AUDIT REPORT**  
**KETTLESHULME PARISH COUNCIL**  
**2021/22**

The internal audit of Kettleshulme Parish Council was carried out by undertaking the following tests as specified in the AGAR Annual Return for Local Councils in England and Wales:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

**Conclusion**

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

**JDH Business Services Limited**

**INTERNAL AUDIT REPORT  
KETTLESHULME PARISH COUNCIL  
2021/22**

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>FOLLOW UP</b>																						
1	A comprehensive risk assessment document covering financial and corporate risks was not updated, reviewed and approved by council during the financial year. Instead, a Covid health and safety assessment was provided in the records for internal audit.	<i>The whole council risk assessment must be reviewed, updated and approved annually by council.</i>	<b>Financial Risk assessment was not assessed along with the Financial Regulations during June 2021 meeting of the council. This has been noted to be included in future years and was assessed May 2022 for amendment and approval at June 2022 meeting.</b>																						
2	<p>The AGAR accounts presented for internal audit were incorrect as box 8 was misstated.</p> <p>For a receipts and payments council Box 8 (Cash and Short Term Investments) must always equal Box 7 (Balances Carried Forward).</p> <p>Box 8 must be changed from the current value of £26663 to £26913 which is the true value of reconciled cash and bank balances.</p>	<p><i>The AGAR accounts should be amended as noted. In future, the bank reconciliation format should be presented as per the template below and that will easily demonstrate how the reconciled bank balances equate to Box 8 in the AGAR:</i></p> <p><u>Cash Book</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><i>Balance b/f</i></td> <td style="text-align: right; width: 20%;">£x</td> </tr> <tr> <td><i>Receipts</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td><i>Payments</i></td> <td style="text-align: right; border-bottom: 1px solid black;">£x</td> </tr> <tr> <td><i>Balance c/f</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2"><u>Bank</u></td> </tr> <tr> <td><i>Current acc</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td><i>Deposit Acc</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td><i>Less u/p cheques</i></td> <td style="text-align: right;">£x</td> </tr> <tr> <td><i>Add unrepresented lodgements</i></td> <td style="text-align: right; border-bottom: 1px solid black;">£x</td> </tr> <tr> <td><i>Balance as at 31/3</i></td> <td style="text-align: right;">£x</td> </tr> </table>	<i>Balance b/f</i>	£x	<i>Receipts</i>	£x	<i>Payments</i>	£x	<i>Balance c/f</i>	£x	 		<u>Bank</u>		<i>Current acc</i>	£x	<i>Deposit Acc</i>	£x	<i>Less u/p cheques</i>	£x	<i>Add unrepresented lodgements</i>	£x	<i>Balance as at 31/3</i>	£x	<b>AMENDED</b>
<i>Balance b/f</i>	£x																								
<i>Receipts</i>	£x																								
<i>Payments</i>	£x																								
<i>Balance c/f</i>	£x																								
<u>Bank</u>																									
<i>Current acc</i>	£x																								
<i>Deposit Acc</i>	£x																								
<i>Less u/p cheques</i>	£x																								
<i>Add unrepresented lodgements</i>	£x																								
<i>Balance as at 31/3</i>	£x																								

**INTERNAL AUDIT REPORT  
KETTLESHULME PARISH COUNCIL  
2021/22**