

## ALDENHAM PARISH COUNCIL

<b>Council Document</b> To receive the final internal auditors report for 2020/21 and decide any actions to be taken.	<b>AGENDA item 7</b>  <b>Full Council Meeting 24<sup>th</sup> May 2021</b>
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### Background

A Council is required by regulation 5(1) of the Accounts & Audit Regulations 2015 to '*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*'.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review and report to the council whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit testing of controls will be sufficient for the proper completion of the annual internal audit report (page 5 of the annual return). This will then provide an adequate level of assistance for the council to complete assertions 2, 6 and 7 in its annual governance statement (section 1 of the annual return).

IAC Audit & Consultancy Ltd have carried out two visits this year, in October 2020 and May 2021 in order to carry out a full review of APC procedures. Their report is attached and they had two observations, neither of which required them to report APC to the external auditor and so they have signed page 3 of the annual governance report which will be forwarded to the external auditor.

The two points they made was

- a) That the 'Notice of Public Rights to inspect the accounts 2019/20, was dated correctly, but the date for commencement of the notice should have been the following day. - This will be corrected for the 2020/21 notice.
- b) That when they visited in October 2020 that there was no evidence of either council or a councillor checking the bank statements independently - This has been rectified as the F&GP Committee see the bank reconciliations at their meetings.

### Recommendations

The PCM has completed the actions required as noted in the comments section of the report and members are asked to endorse these.

Members are asked to consider this report.

Peter Evans  
Council Manager,



**Internal Audit Summary 2020-21**  
**Year End Audit**

<b>Client</b>		<b>Aldenharn Parish Council</b>	
<b>Clerk:</b>	Peter Evans	<b>Name</b>	Sally King for Auditing Solutions
<b>Prior Year Audit Signed</b>		<b>Date</b>	1 June 2020
<b>Pre Audit</b>			12 October 2020
<b>Visit 1 Auditor:</b>	Paula Sakalla/Kevin Rose		19 October 2020
<b>Year End Auditor</b>	Paula Sakalla		4 May 2021
<b>Reviewed by</b>	Kevin Rose		10 May 2021

**Complete**  
Yes  
Yes  
Yes  
Yes  
Yes

Annual Return – Compliance with Requirements									
	Not checked	Not applicable	Positive	Negative	Statutory Non-Compliance	High	Medium	Low	
<b>Box A</b>	0	0	5	0	0	0	0	0	0
Appropriate accounting records have been kept properly throughout the year.									
<b>Box B</b>	0	6	34	0	0	0	0	0	0
This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.									
<b>Box C</b>	1	1	9	0	0	0	0	0	0
This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.									
<b>Box D</b>	0	3	21	0	0	0	0	0	0
The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.									
<b>Box E</b>	0	7	16	0	0	0	0	0	0
Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.									
<b>Box F</b>	0	4	5	0	0	0	0	0	0
Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.									
<b>Box G</b>	0	8	9	0	0	0	0	0	0
Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.									
<b>Box H</b>	3	3	3	0	0	0	0	0	0
Asset and investments registers were complete and accurate and properly maintained.									
<b>Box I</b>	0	3	11	2	0	0	0	0	0
Periodic and year-end bank account reconciliations were properly carried out.									
<b>Box J</b>	0	2	6	0	0	0	0	0	0
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.									
<b>Box K</b>	0	2	0	0	0	1	0	0	0
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.									
<b>Box L</b>	(Not Applicable)								
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.									
<b>Box M</b>	0	0	4	0	0	0	0	0	0
During summer 2020 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.									
<b>Box N</b>	(see Testing Box D)								
The authority has complied with the publication requirements for 2019/20 AGAR.									
<b>Box O</b>	2	0	3	0	0	0	0	0	0
Trust funds (including charitable) – The council met its responsibilities as a trustee.									

<b>6</b>	<b>39</b>	<b>126</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
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Total

# Aldenham Parish Council

## Financial Year 2020-21

Visit date: 4 May 2021

Year End Internal Audit Observations

Box M	No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
		During summer 2020 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.				
		The period for the Exercise of Public Rights did not commence the day after the Council published the Accounting Statements and Annual Governance Statement	<i>The Notice period of Exercise of Public Rights Announcement is dated 2 July 2020 which is the same date as the commencement date.</i>	The Council to note that the date of the Exercise of Public Rights Announcement and commencement should be in line with the Notice of Exercise of Public Rights a) & c).	High	Council Manager error will ensure this years is correct.

# Annual Internal Audit Report 2020/21

ENTER NAME OF AUTHORITY Aldenham Parish Council

ENTER PUBLICLY AVAILABLE WEBSITE PAGE ADDRESS <https://aldenham-pc.gov.uk>

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

19/10/2020

01/06/2020

DD/MM/YYYY

Name of person who carried out the internal audit

Paula Sakalla AAT - IAC Audit & Consultancy Ltd

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit



Date

04/05/2021

\*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).



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The Clerk  
Aldenham Parish Council  
1st Floor, The Radlett Centre.  
1 Aldenham Avenue,  
Radlett  
Hertfordshire  
WD7 8HL

11/05/2021

Further to our Internal Audit of your Council for the financial year 2020/21 I am pleased to submit the signed Internal Report for your Annual Return. We have completed our work and I can confirm that we have not given a Negative response for any of the Internal Control Objectives.

You will note that we have given 'Not Covered' responses in respect of Control Objectives F, K, and L and we are required to explain why we have done this.

- *The reason for the Not Covered response for Objective F is that we understand that your Council does not maintain a Petty Cash.*
- *The reason for the "Not Covered" response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review in 2019/20.*
- *The reason for the Not Covered response for Objective L is that it is not applicable to your Council as your 'annual turnover' exceeds £25,000.*

I have also emailed you an Internal Audit summary of our audit testing which you may find useful. This sets out the number of tests that we have carried out and the number of positive and negative responses. Care should be taken when using this Summary as these tests are not given a weighting to reflect their relative importance and the Summary must therefore be considered in conjunction with our Internal Audit Observations.

I have made some Observations in respect of the year end audit which I would be grateful if you could draw to the Council's attention in due course. If the Council should have any queries regarding any points raised please do not hesitate to contact me.

I would like to express our thanks for the assistance you provided to us during the course of the audit.

Yours sincerely,

Kevin Rose ACMA  
Director