



BARNES COOPER

ACCOUNTANTS & BUSINESS ADVISORS

Mollington Parish Council Independent Internal Audit Report 2020-2021

1. Background

- 1.1 Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities.
- 1.2 Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. The AGAR is made up of 3 sections along with an annual internal audit report which is to be completed by the Parish Council's independent internal auditor who is to give an opinion of the Parish Council's internal controls.
- 1.3 CDALC have provided Councils with a checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

2. Objectives of the audit

- 2.1 To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined

- 3.1 The scope of Work covers the ten key control tests identified in the AGAR.
- 3.2 To properly complete the audit the following areas of activity have been examined and tested by Internal Audit;
 - Payroll
 - Income collection and Banking arrangements
 - Creditors & Expenditure
 - Budgetary Control
 - Asset Register
 - Debtors
 - Risk Management
 - Accounting Records
- 3.3 The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with her.

4. Findings

PAYROLL

- 4.1 The Parish Council has two employees who work standard hours and are paid in accordance with NJC pay scales. They both have Contracts of Employment which are reviewed annually

1 ST FLOOR. GREAT WESTERN HOUSE, BOUNDARY LANE, SALTNEY, CHESTER CH4 8RD
01244 680 610 01244 680 920 accounts@barnes-cooper.co.uk

- 4.2 The payroll is processed by the clerk and all payments are made through the bank
- 4.3 At the year end there was an amount due to HMRC in the sum of £255.42 for unpaid PAYE relating to the last quarter.

INCOME COLLECTION AND BANKING ARRANGEMENTS

- 4.4 There were only four bankings during the year.
The precept was as agreed in the minutes of 16th January 2020 and the PWLB Loan which was received in December 2020 has been paid to the Village Hall Project.
The only other receipts were a refund of a payment and the recovery of VAT on payments made.

CREDITORS & EXPENDITURE

- 4.5 All expenditure analysed on the excel spreadsheet was checked to the bank. Most of the annual expenditure relates to payroll costs and a sample check was made to invoices for the remainder. There were no discrepancies.
The only major item of expenditure was the payment of the loan monies to the Village Hall project plus the sum of £3,355 that was approved by the Council at the meeting held on 26th January 2020.

BUDGETARY CONTROL

- 4.6 The Budget for 2020-21 was approved at the meeting held on 16th January 2020 and there were no major variances from the proposals.
- 4.7 The minutes of the various meetings showed regular updates of all Income and Expenditure and there were some small additions to the budget approved at meetings.

ASSET REGISTER

- 4.8 A copy of the Asset Register was provided and assets are adequately covered by Insurance.

DEBTORS

- 4.9 There are no accounts raised for debts as all transactions are paid by cash, cheque or transfer directly to the bank.

RISK MANAGEMENT

- 4.10 The Council has a formal risk assessment in place which covers financial and management risk.
Controls are in place with regards to payments in that the clerk has possession of the cheque book. All cheques have to be signed by two signatories.
Any BACS payments are scheduled and agreed at each meeting.
It appears that the Council has adequate insurance in place.

ACCOUNTING RECORDS

- 4.11 All Receipts and Payments were properly recorded and the Clerk submits them to Members at each meeting.

CONCLUSION

5. On the basis of the work undertaken we have concluded that the Council has satisfactory internal controls in place to ensure that transactions are accurately reflected in the Statement of Accounts.
Following the concerns raised by the Clerk at the meeting of 10th November 2020, it is recommended that a buffer be included to cover unexpected one-off costs so that the balance of funds is not eroded and the precept can be increased accordingly.

Annual Internal Audit Report 2020/21

Mollington Parish Council (Cheshire)

www.mollington-pc.org.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.	✓		N/A - NO CASH PAYMENTS
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).	✓		
O. (For local councils only) Trust funds (including charitable)- The council met its responsibilities as a trustee.	✓		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: 11/18/21
 Name of person who carried out the internal audit: B. J. (9; .B.;,; cc.; i ts.)
 Date: 28/03/21

*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)



BARNES **oop** R

ACCOUNTANTS & BUSINESS ADVISORS

Mollington Parish Council
c/o Ms Pauline English
Inglewood
75 Seacombe Drive
Great Sutton
Ellesmere Port
CH66 288

28th June 2021

Invoice No 06257

FEE NOTE

Professional Services rendered in carrying out an independent audit of the financial statements for the year ended 31st March 2021	125.00
Vat@20%	25.00
	<hr/>
	£ 150.00

Payment Terms: 7 days
With Compliments
Vat Reg No 929 2227 16
BACS Payments :Barnes Cooper Ltd A/e No.30736260 Sort Code 30 91 92

TORS: DAVID COOPER & SUSAN

1ST FLOOR, GREAT WESTERN HOUSE, BOUNDARY LANE, SALTNEY. CHESTER CH4 8RO
01244 680 610 01244 680 920 accounts@ barnes-cooper.co .uk