

# Annual Internal Audit Report 2020/21

Stoke Mandeville Parish Council

[www.stokemandevilleparishcouncil.org.uk](http://www.stokemandevilleparishcouncil.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.			✓
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. <i>(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")</i>			✓
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 <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
<b>O. (For local councils only)</b> 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).

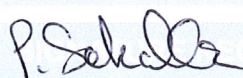
Date(s) internal audit undertaken

26/06/2020

Name of person who carried out the internal audit

Paula Sakalia AAI - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit



Date

18/04/2021

\*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).

The Clerk  
Stoke Mandeville Parish Council  
The Community Centre  
Eskdale Road  
Stoke Mandeville  
Aylesbury  
Buckinghamshire  
HP22 5UJ

18 April 2021

Dear Tony,

Further to my Internal Audit visit of the Council in respect of the 2020 Annual Return, I am submitting my report and observations to the Council. As you will notice from the attached Internal Audit Report it was unfortunately necessary to issue a negative response in respect of Control Objective B.

### **Control Objective B**

*“This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.”*

### **Reason for the negative response Control Objective B**

Paragraph 1.15 of The Practitioners guide (2019), which sets out ‘Proper Practices’, states

*“Practical and resilient arrangements need to exist covering how the authority orders goods and services, incurs liabilities, manages debtors, makes payments and handles receipts.”*

It does not appear, from the internal audit review of the Council accounting systems that the Council can demonstrate compliance with the requirements of Control Objective B. The Council did not comply with Part 11 Financial Regulations.

### **Implications in respect of the Annual Return**

As previously advised it will be necessary for a negative response to be entered on the Internal Audit Report. In addition, the Council will also have to return a negative response in respect of Assertion 3 of the Annual Governance Statement.

You will note that we have given ‘Not Covered’ responses in respect of Control Objectives F, K, L and O 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.

The reason for the Not Covered response for Objective O as it is our understanding that the Council does not act as Trustee.

In addition to this letter and the statutory Internal Audit Report I have also submitted our Internal Audit Observations and Summary to you by email. I would be grateful if you could bring all of these to the Councils attention in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA  
Director