

Etaerio Ltd

Annual Internal Audit Report

for

Kings Langley Parish Council

**for the financial year ended
31 March 2022**

Auditor: Philip Rhoden

Internal Audit Date: Offsite & 11/07/2022 & 12/07/2022

Report Date: 13/07/2022

Financial Year: 2021/22

Etaerio Ltd

Schedule of Recommendations

Client Kings Langley Parish Council

Y/E: 31 March 2022

Recommendations generally reflect proper practices from the 'JPAG Practitioners' Guide' for smaller authorities & external auditor-issued guidance over the years.

	Control	Recommendation(s)
1	Proper bookkeeping	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls	<p>I recommended that the clerk implements his planned introduction of an internal sequential reference no. for payments, given that cheques (and therefore cheque no.s as the payment reference in the cash book) are generally no longer being used.</p> <p>The council's Financial Regulations do allow some flexibility in relation to when three quotes should be obtained in relation to procurement. However, when the Financial Regulations are next reviewed, the council may wish to consider in addition more specific provisions (which are included in the NALC model) including a specific list of exceptions (e.g. extension of an existing contract) and thresholds for 3 quotes and 3 estimates.</p>
3	Risk management arrangements	None.
4	Budgetary controls	None.
5	Income controls	None.
6	Petty cash procedures	None.
7	Payroll controls	The signed copy of the new warden's contract of employment was not to hand at the time of the internal audit. I recommend that this is available for next year's internal audit.
8	Assets controls	<p>An asset valuation policy has been added to the asset register. I recommend that this be updated in relation to donated assets to be consistent with the Practitioners' Guide: "Where an authority receives an asset as a gift at zero cost, for example by community asset transfer, it should be included with a nominal one pound (£1) value as a proxy for the zero cost."</p> <p>I recommend that the fixed asset register be subject to an interim update and internal audit review mid year, e.g. autumn 2022, in advance of the 2023 internal audit.</p>
9	Bank reconciliation	I recommend that where the minutes note the signing of bank reconciliations, going forward the minute specifically includes that the reconciliation was agreed to bank statements, given the greater reliance on post-payment controls with the move to online payments.
10	Year-end procedures	None.
11	Exempt Authority	Not applicable.
12	Public Rights	None.
13	AGAR Publication Requirements	None.
14	Basic IT controls	None.
15	Responsibility as a sole managing trustee	Not applicable.

Annual Internal Audit Report 2021/22

KINGS LANGLEY PARISH COUNCIL

ENTER PUBLICLY ACCESSIBLE WEBSITE/EBPAGE ADDRESS kingslangley-pc.gov.uk

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.	✓		
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 2020/21, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i>			✓
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			✓
This internal audit objective is not applicable			
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 <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 2020/21 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
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

Name of person who carried out the internal audit

11/07/2022 12/07/2022 DD/MM/YYYY

ENTER NAME TAERIO LTD. AUDITOR

Signature of person who carried out the internal audit *P.K. Rhoden* PHILIP RHODEN, DIRECTOR

Date 13/07/2022

*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).