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3rd May 2021

Llanyblodwel Parish Council

Ladies and Gentlemen

I have been appointed as your Internal Auditor and am employed by the Council to conduct such tests as are agreed and are sufficient to enable me to complete the Internal Auditor's Report contained within the Audit Commission's Annual Return Form for the appropriate financial year.

My report this year is again based on the Guide issued by the Joint Panel on Accounting Guidance (JPAG) in March 2017. Whilst the tests are I have made are taken from the Practitioners' Guide, they are relevant to the various headings on the Annual internal audit report. I have again given my rationale for the answers given on that report.

A. Appropriate accounting records have been kept properly throughout the year.

Appropriate books of account have been kept properly throughout the year. A Cash Book is maintained, is up to date, regularly balanced and the reconciliation of the cash book balance and the bank statement is agreed and duly minuted. The books are made up to 31st March 2020 and were audited by me on 3rd May 2021.

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

I checked the Income received and also the invoices paid, together with a sample of the payment transactions and found them to be satisfactory. Where applicable, prior to authorisation, the invoice is checked by the Clerk. All cheques require two signatures, and the regulations state that cheque signatories are required to check and initial the original invoice that they have assured themselves that the invoice is appropriate for payment and that the invoice and cheque are in agreement as to payee and value. From the samples checked, this is being done. VAT on payments has been identified and recorded separately. The Standing Orders, Financial Regulations, Code of Conduct and all other policies and procedures under which the Council operates were reviewed and adopted at the January 2021 meeting of the Council under minute 34.21.

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The Council assessed the significant risks to achieving its objectives and has a detailed Risk Register which encompasses the Risk Management, Risk Assessment and Internal Control functions. This was also reviewed and adopted at the January meeting under minute 34.21.

At the July meeting the existing Insurance cover was discussed under minute 10.20 and a three year contract was agreed. The insurance now runs from 31 August 2020 to 31st August 2021.

D. The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves were appropriate.

A budget was drawn up and was discussed and approved by the Council at their meeting on 14th January 2021, see minute 33.21.b. The reserves of the Council were discussed and it was proposed that a general reserve of 100% of the net revenue expenditure should be maintained. Following a discussion the Reserves policy states that a General Reserve of £10,000 will be maintained and preserved and this was adopted under minute 33.21.a. The budget proposals were discussed and a net expenditure budget of £11,950 was set. Progress is regularly monitored see minutes 6.20.i. It was further obviously monitored in January when the budget for 2021-22 was discussed and approved.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.

All income has been received, is properly recorded and promptly banked where applicable. The recorded precept agrees to the Council Tax authority's notification. The council does not deal in cash or near cash items. VAT has been properly accounted for, and a claim for the year to 31st March 2020 was made and the refund credited to the Councils account on 26th May 2020. A claim for 2020-21 totalling £559.56 was made on 12 April 2021.

F. The smaller authority does not operate a petty cash system.

G. 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.

The existing clerk has a Contract of Employment, which is based on the NALC model. Salaries to the Clerk and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied and payments to HMRC are up to date.

H. Asset and investment registers were complete and accurate and properly maintained.

The council has an Asset register which is complete and accurate and properly maintained. The latest register is dated 31st March 2021. The assets position was discussed at the March 2020 meeting under minute 6.20.h. In addition, the Council also has a comprehensive Asset Inspection Schedule and discussions on Asset Management were held at the January and March meetings of the Council, see minutes 36.21 and 48.21.. The council does not have an investment register as it has no investments.

I. Periodic and year end bank account reconciliations were properly carried out.

Periodic reconciliations have been carried out, as has a final year end reconciliation. These have been duly discussed by the Councillors, see minutes 6.20.c, 17.20.d,30.21.d and 46.21.d.

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.

Accounting statements have been prepared on the correct accounting basis (Receipts and Payments). The accounts are supported by an audit trail. At the year-end there are no unexplained balancing entries in the reconciliation. The value of investments held is not applicable. At the year end, there is an original bank statement for the all the accounts and a reconciliation has been done for each.

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.

The authority did certify itself as exempt from a limited assurance review in 2019-20, see minutes 8.20.b and 17.20.e.

L. If the authority has an annual turnover not exceeding £25000, 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.

The authority's turnover does not exceed £25000 and the information required has been posted on the authority's website.

M. The authority has demonstrated that during the summer of 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

This exercise was correctly provided for and the exercise was duly minuted under minute 8.20.f when it was stated it would be done and minute 17.20.e at the meeting after the period had ended.

N. The authority has complied with the publication requirements for 2019-20 AGAR.

The authority has complied with the requirements.


Conclusion.

I have marked all the categories on the internal audit form as conforming to the required standard on the basis that under risk management there is little, or no risk attached to the council from any of the comments I have made.

I mentioned previously that the bold headings were from my internal audit report and they, together with the points I commented upon in my report should provide the basis on which the council's own internal controls are set. The Council's Internal Control mechanism is very efficient, and I would again like to place on record my thanks to Councillor Counsell for the excellent way in which he undertook the review.

From my internal audit testing there is no evidence of any irregularities, and I would like to thank the Clerk for the very professional way she has produced the records and vouchers for this internal Audit.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Bernard Townson', with a stylized flourish at the end.

Bernard Townson
Internal Auditor
3rd May 2021