

Broughton-in Amounderness Parish Council

Internal audit

Scope

The work has been undertaken in order for MHA Moore and Smalley to complete the Annual Internal Audit report on the Annual Governance and Accountability Return for Broughton in Amounderness Parish Council.

As part of the work completed, we have reviewed the Audit requirements including the risk register and have incorporated the requirements in to our conclusions.

This memorandum is provided on the basis that it is for your information only and that it will not be referred to, in whole or in part, without our prior written consent, and that we accept no responsibility to any third party in relation to it.

We have summarised below, for each control objective, the work completed and conclusion reached.

Internal control objective	Work completed and conclusion
Appropriate accounting records have been properly kept throughout the year.	Receipts and payments have been accounted for using Quickbooks software throughout the year. A budget monitoring report and bank reconciliation is prepared each month.
This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	We have reviewed the financial regulations and consider that they are appropriate for the operation of the Council. The testing undertaken has not indicated any breaches of the regulations. A sample of expenditure items have been agreed to invoices and agreed as authorised. VAT reclaimed has been agreed to VAT as separately identified in the cash book.
This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<p>A risk register is maintained and reviewed. The implications of the Community Infrastructure Levy (CIL) have been considered in terms of ensuring the effective implementation of the Neighbourhood Plan and approval of large projects.</p> <p>The risk register has not currently been updated to reflect risks related to the operation of Toll Bar Cottage. This will be reviewed in the current year.</p>

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The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	The budgeting process is considered to be appropriate.
Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	All income has been properly recorded and banked promptly. The Council is not registered for VAT. The Council has sought additional income sources where applicable and has applied for grants for specific projects enabling them to maintain reserves levels. The use of specific grants is monitored to ensure that expenditure is in line with any conditions of the grant.
Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Petty cash is not operated.
Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	All salary costs have been approved as evidenced in the minutes. Monthly payments and returns have been made to HMRC in respect of PAYE and NI.
Asset and investments registers were complete and accurate and properly maintained.	An asset register is maintained independently of the Quickbooks system.
Periodic and year end bank account reconciliations were properly carried out.	Monthly bank reconciliations are prepared and reviewed at Council meetings. The year end bank reconciliation has been checked and has been completed correctly.
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.	Receipts and payments per the accounts have been traced to the cash book. A sample of entries has been agreed to supporting documentation.

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If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself as exempt.	In 2021/22 the authority did not meet the exemption criteria and therefore was subject to an intermediate assurance review.
The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit regulations.	A copy of the notice of public rights and publication is included on the website.

Accounting in 2021/22

The form has been completed on a receipts and payment basis. Total income for the year amounted to £327,138

If either income or expenditure is over £200,000 for three years there is a requirement for the council to report their financial details on an income and expenditure basis from the third year onward.

As income is over £200,000 the Council will also be subject to an intermediate level review in respect of the external audit. The additional information that will need to be included is as follows:-

- A copy of the relevant minutes, agenda papers and any related reports from 2021/22 to support the setting of the budget for the subsequent financial year; and
- If the 2020/21 external auditor report included any 'except for' matters, copies of minutes and any agreed plan showing the corrective action taken to address these matters.

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