

## **Internal Audit: Tattershall with Thorpe Annual Return 2021/22**

**Scope:** this audit relates to financial year 2021/22 .

I met with the recently appointed Clerk on 24<sup>th</sup> October 2022 following her discovery that the Annual Governance and Accountability Return (AGAR) had not been fully submitted to the external auditors nor completed within the statutory deadline. Additionally, the clerk had made contact with the Council's previous internal auditor who confirmed that no examination of the accounts had been undertaken and thus the Internal Audit Report section of the AGAR had not been completed or submitted.

With the guidance and assistance of the clerk, I examined the available evidence and reached the following conclusions regarding the AGAR:

1. A completed version of Section 1 (Annual Governance Statement) had been agreed by council and was minuted. The relevant minutes did not detail the process followed by councillors in arriving at the conclusions stated. In particular, the manner in which audit recommendations from previous years were actioned is not clear with particular regard to the need for Standing Orders and Financial Regulations to be reviewed / updated.
2. The accounting statements for 2021/22 had not been submitted to the external auditors, but a partially completed page was located on the computer. There were numerous underlying spreadsheets that documented transactions by date and budget heading and it was possible to identify how this information was used to produce the figures on the return. However, three areas of concern were identified:
  - a) There were no invoices or other vouchers for payment available to validate payments. I understand that these have not been handed over by the previous clerk.
  - b) The Bank Reconciliation working paper contained a figure for the year end balance that did not tally with the form by £1578. On closer scrutiny, the bank reconciliation was found to be consistent with the bank statement for the 31<sup>st</sup> March 2022. The accounting records were then examined and the following errors discovered:
    - a payment for coins commemorating the Queens Platinum Jubilee of £1653.00 was made by BACS on 30<sup>th</sup> March 2022 but no entry was made in the books until April 2022, i.e. it was recorded in the wrong financial year
    - The Council's contribution towards the Remembrance wreath (£75) was inadvertently recorded twice in the accounts, although only one payment was actually made.
    - The staff costs figure appears to include items that should have been analysed as other costs e.g purchases of stamps and other items that were reimbursed as part of salary payments.
3. The AGAR documents for 2021/22 have not been published on the Council's website at the date of this document. There is also a requirement set out in the Government's Transparency Code for Smaller Authorities that Parish Councils publish information regarding transactions over £100 in value. I have not been able to find any evidence that Tattershall have complied with this requirement.

4. Taking into account the points raised above, I cannot confirm that Internal Control objectives B (all payments supported by invoices) and N (publication of AGAR) have been fulfilled. I cannot confirm that the council published details of the period agreed for the exercise of public rights of inspection in 2021, as required by Internal Control objective M, nor complied with the transparency code (L). The “no” boxes have been ticked in these areas of the audit report. (nb I should stress that the first issue referred to above (Invoices) may be quickly resolved should it be possible to retrieve the relevant documents from the previous clerk).
5. There are some other matters I wish to draw to members attention:
  - a) your agendas and minutes are somewhat brief and it may be beneficial to publish more details of financial matters (whether these be payments, budget setting, budgetary control or year end items) either in the body of these documents or as appendices.
  - b) Quite a lot of your core documents (financial and other) need to be reviewed / updated and it is probably to draw up a prioritised schedule.
  - c) Your risk register should be looked at in depth to make sure that your exposure and means of controlling / mitigating significant risk, *including insurance*, is understood.
  - d) The asset register needs to be validated to ensure that all the listed items still exist and their location and usage / purpose is known.

Andrew Claydon,  
Internal Auditor

October 25<sup>th</sup> 2022.