

Tracey Martin  
Clerk  
Longwick cum Ilmer Parish Council  
c/o Longwick Post Office  
Thame Road  
Longwick  
HP27 9SF

29th April 2022

Dear Tracey,

Further to my Internal Audit of the Council in respect of the 2022 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 C.

### **Control Objective C**

*“This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.”*

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

The Practitioners Guide sets out that a Council “..needs to identify, assess and record risks..” and that “Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk.”

The normal practice by which a Council will meet the requirements of the Practitioners Guide is for the Council to maintain a risk register and for this register to be subject to review by Council on an annual basis.

From the records available, there is no evidence that the Council has undertaken such a review since June 2020.

### **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 5 of the Annual Governance Statement.

It is highly likely that this issue will be subject to further query by the External Auditor and it would be helpful in that regard if the Council were to properly Minute a discussion of a review of this issue and to include an explanatory letter when submitting the Annual Return.

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In addition to the Negative Response on the Internal Audit Report we have also responded 'Not Covered' in respect of the Control Objectives F, K, L and O and we are required to explain why we have done this.

- We have responded 'Not Covered' in response to Objective F as we understand that the Council does not maintain a Petty Cash.
- We have responded 'Not Covered' in response to Objective K is that it is not applicable to your Council as you did not certify yourself as exempt from External Audit.
- We have responded 'Not Covered' in response to Objective L is that it is not applicable to your Council as your 'annual turnover' exceeds £25,000.
- We have responded 'Not Covered' in response to Objective O as we understand that the Council does not act as Sole Managing 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 Council's attention in due course.

Yours sincerely,

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

Kevin Rose ACMA  
Director

Longwick-cum-Ilmer Parish Council



Internal Audit Detailed Analysis 2021-22

Year End Audit Date 21/04/2022

Internal Control Objective	Negative Analysis					Responses				Recommendations
	Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	
<b>A</b> <i>Appropriate accounting records have been properly kept throughout the financial year.</i>	0	2	0	0	0	3	2	0	0	2
Accounting system	0	1	0	0	0	1	1	0	0	1
Record keeping	0	0	0	0	0	2	0	0	0	0
Minutes	0	1	0	0	0	0	1	0	0	1
Other	0	0	0	0	0	0	0	0	0	0
<b>B</b> <i>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i>	0	0	0	0	0	29	0	9	0	0
Financial Regulations & Standing Orders	0	0	0	0	0	10	0	0	0	0
RFO	0	0	0	0	0	4	0	0	0	0
Powers	0	0	0	0	0	2	0	0	0	0
Payment Controls	0	0	0	0	0	7	0	1	0	0
Expenditure Controls	0	0	0	0	0	1	0	2	0	0
VAT Compliance	0	0	0	0	0	2	0	0	0	0
Credit/Debit Cards	0	0	0	0	0	0	0	3	0	0
Tenders	0	0	0	0	0	1	0	2	0	0
Grants	0	0	0	0	0	2	0	1	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>C</b> <i>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	1	1	1	0	0	6	3	2	0	3
Risk	1	0	0	0	0	2	1	1	0	1
Minutes	0	0	0	0	0	1	0	1	0	0
Insurance	0	0	0	0	0	3	0	0	0	0
Internal Controls	0	1	1	0	0	0	2	0	0	2
Other	0	0	0	0	0	0	0	0	0	0
<b>D</b> <i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</i>	0	1	0	0	0	13	1	0	1	1
Budget & Precept setting	0	0	0	0	0	6	0	0	0	0
Auditors Reports	0	0	0	0	0	3	0	0	0	0
Accounting Statements	0	1	0	0	0	1	1	0	0	1
Budget monitoring	0	0	0	0	0	1	0	0	0	0
Reserves	0	0	0	0	0	2	0	0	1	0
Other	0	0	0	0	0	0	0	0	0	0
<b>E</b> <i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i>	0	0	0	0	0	6	0	17	0	0
Investments	0	0	0	0	0	0	0	4	0	0
Fees & Charges	0	0	0	0	0	0	0	3	0	0
Leases	0	0	0	0	0	0	0	2	0	0
Debt control	0	0	0	0	0	0	0	1	0	0

2021-22 Longwick-cum-Ilmer Parish Council Internal Audit

	Billing & Collection	0	0	0	0	0	0	4	0	0
	Precept	0	0	0	0	0	1	0	0	0
	Cash income	0	0	0	0	0	0	0	3	0
	VAT Compliance	0	0	0	0	0	5	0	0	0
	Other	0	0	0	0	0	0	0	0	0
<b>F</b>	<i>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i>	0	0	0	0	0	0	0	9	0
	Accounting	0	0	0	0	0	0	0	3	0
	Payment controls	0	0	0	0	0	0	0	3	0
	Reimbursement	0	0	0	0	0	0	0	2	0
	Reporting	0	0	0	0	0	0	0	1	0
	Other	0	0	0	0	0	0	0	0	0
<b>G</b>	<i>Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</i>	0	1	0	0	0	14	1	8	0
	Contracts	0	0	0	0	0	3	0	0	0
	PAYE	0	0	0	0	0	4	0	0	0
	Deductions	0	0	0	0	0	1	0	0	0
	Pension	0	0	0	0	0	2	0	0	0
	Members Allowances	0	0	0	0	0	0	0	6	0
	Accounting	0	1	0	0	0	1	1	0	0
	Changes to terms and conditions	0	0	0	0	0	1	0	0	0
	Payroll Approval	0	0	0	0	0	1	0	1	0
	Overtime	0	0	0	0	0	1	0	1	0
	Other	0	0	0	0	0	0	0	0	0
<b>H</b>	<i>Asset and investments registers were complete and accurate and properly maintained.</i>	0	0	0	0	0	6	0	4	0
	Asset Register	0	0	0	0	0	2	0	0	0
	Additions & Disposals	0	0	0	0	0	2	0	1	0
	Verification	0	0	0	0	0	1	0	0	0
	Accounting	0	0	0	0	0	1	0	0	0
	Investments & Loans	0	0	0	0	0	0	0	3	0
	Other	0	0	0	0	0	0	0	0	0
<b>I</b>	<i>Periodic bank account reconciliations were properly carried out during the year.</i>	0	0	0	0	0	8	0	8	0
	Preparation	0	0	0	0	0	3	0	1	0
	Review	0	0	0	0	0	2	0	3	0
	Cash balances	0	0	0	0	0	0	0	4	0
	Accounting	0	0	0	0	0	3	0	0	0
	Other	0	0	0	0	0	0	0	0	0
<b>J</b>	<i>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.</i>	0	1	0	0	0	1	1	7	0
	Accounting basis	0	0	0	0	0	1	0	0	0
	Prior year	0	0	0	0	0	0	0	1	0
	Current Year	0	0	0	0	0	0	0	1	0
	Creditors	0	0	0	0	0	0	0	1	0
	Accounting Statements	0	1	0	0	0	0	1	1	0
	Stocks	0	0	0	0	0	0	0	1	0

2021-22 Longwick-cum-Ilmer Parish Council Internal Audit

	Debtors	0	0	0	0	0	0	0	1	0	0
	PWLB	0	0	0	0	0	0	0	1	0	0
	Other	0	0	0	0	0	0	0	0	0	0
<b>K</b>	<i>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. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered"</i>	0	0	0	0	0	0	0	3	0	0
	Council Resolution	0	0	0	0	0	0	0	1	0	0
	Criteria	0	0	0	0	0	0	0	1	0	0
	Publication	0	0	0	0	0	0	0	1	0	0
	Other	0	0	0	0	0	0	0	0	0	0
<b>L</b>	<i>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.</i>	0	0	0	0	0	0	0	7	0	0
	Expenditure publication	0	0	0	0	0	0	0	1	0	0
	AGAR publication	0	0	0	0	0	0	0	3	0	0
	Member responsibilities	0	0	0	0	0	0	0	1	0	0
	Assets publication	0	0	0	0	0	0	0	1	0	0
	Publication of Minutes	0	0	0	0	0	0	0	1	0	0
	Other	0	0	0	0	0	0	0	0	0	0
<b>M</b>	<i>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 (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).</i>	0	0	0	0	0	0	5	0	0	0
	Publication	0	0	0	0	0	0	1	0	0	0
	Commencement	0	0	0	0	0	0	1	0	0	0
	Duration	0	0	0	0	0	0	2	0	0	0
	Minutes	0	0	0	0	0	0	1	0	0	0
	Other	0	0	0	0	0	0	0	0	0	0
<b>N</b>	<i>The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).</i>	0	0	0	0	0	0	7	0	1	0
	Publication	0	0	0	0	0	0	4	0	1	0
	Approval	0	0	0	0	0	0	3	0	0	0
	Other	0	0	0	0	0	0	0	0	0	0
<b>O</b>	<i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>	0	0	0	0	0	0	0	0	5	0
	Meetings	0	0	0	0	0	0	0	0	2	0
	Accounting	0	0	0	0	0	0	0	0	2	0
	Statutory Returns	0	0	0	0	0	0	0	0	1	0
	Other	0	0	0	0	0	0	0	0	0	0

**Total**    **1**    **6**    **1**    **0**    **0**    **98**    **8**    **80**    **1**    **8**

# Longwick-cum-Ilmer Parish Council

Financial Year 2021-22



IAC Audit and Consultancy Ltd

Visit date: 21- April -2022

## Year End Internal Audit Observations

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

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Is the method of record keeping appropriate for a council of this size? (is the use of computerised systems appropriate / necessary)	<i>The Council has historically used an Excel spreadsheet to maintain its accounts, however the volume and value of transactions has increased significantly.</i>	The Council should consider adopting a formal accounting system.	High	
2	Have Minutes been signed in accordance with the requirements of Schedule 12-paragraph 41 (2) the Local Government Act 1972 (this requires each page to be initialled and the final page signed)	<i>It was noted that a number of Minutes had not been signed in accordance with the requirements of the Local Government Act 1972. The 21st September 2021 Minutes have not been initialled on each pages, however the last page has been signed and dated.</i>	The Council to ensure that Minutes of meetings are signed in accordance with the legislative requirements. In particular Minutes of meetings should be initialled on each page and signed and dated on the final page.	High	

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

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	The Council, as a body, has undertaken a formal review of risk (this cannot be delegated to sub-committee) - Year End Audit	<i>The Council, as a body, has not formally Minuted a review of Risk during the Financial Year. The risk review has last been approved on the 16th June 2020 Full Council meeting (Item 15).</i>	It is a requirement of the Annual Governance Statement, as well as the Annual Internal Audit Report, that the Council has undertaken a review of Risk. As no such review has been confirmed in Council Minutes the Council must record a Negative response for Assertion 4 of the Annual Governance Statement. It will also be necessary for the Internal Auditor to give a Negative Response for Internal Control Objective C on the Annual Internal Audit Report.	Non Compliance	
2	Council has formally documented Internal Controls	<i>Council has not formally documented Internal Controls</i>	Council should formally document its Internal Controls.	Medium	
3	The Council, meeting as a whole, has reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015	<i>The Council has not reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015. The Council's Risk Register has not been reviewed during this financial year.</i>	Council to note the requirement for it to regularly review its internal control system.	High	

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

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Year end Trial Balance agrees to current year Annual Return	<i>It was noted that the Council had not recorded £62.62 bank interest received in Box 3 of the draft Accounting Statements. The value in Box 3 should be £51,138 and the value in Box 7 should be £442,535. The difference between Box 7 and 8 being £15,848 the VAT incurred for the year due to be refunded from HMRC.</i>	The Council to review the values stated in the draft Accounting Statements and make adjustments as appropriate.	High	

**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.*

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Accounting Statements Box 4 - Staff Costs value agrees to total payments of Salaries, Wages and Pensions?	<i>Accounting Statements Box 4 value does not agree to total payments of Salaries, Wages and Pensions. Pension and income tax payments have not been included. The total for Box 4 should be £6,541. (The total for Box 6 should be £97,145).</i>	The Council to note the difference between the draft Accounting Statements Box 4 value and the value computed by the Internal Auditor. The Council to review the computation and, if appropriate, amend the Box 4 value.	High	

**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.*

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Audit Extended Trial Balance agrees to draft Accounting Statements	<i>It was noted that there was a difference on the draft Accounting Statement numbers, this was due to Interest Income on the Redwood bank account not being recorded. The VAT year end debtor balance was also stated at £15,785.36 instead of the £15,847.98 stated in the Cashbook</i>	<p>Council to review the values stated in the draft accounting statements to ensure that they agree to the Councils accounting records.</p> <p>The Council to note the practical difficulty in preparing the statutory Annual Accounting Statements without the use of a recognised accounting system.</p>	High	



# Annual Internal Audit Report 2021/22

## Longwick-cum-Ilmer Parish Council

<https://www.longwickcumilmer.org.uk/> AVAILABLE WEBSITE/WEBPAGE ADDRESS

**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			✓
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> .	✓		
<b>O. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

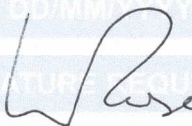
Date(s) internal audit undertaken

17/05/2021

Name of person who carried out the internal audit

Kevin Rose ACMA - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit

 SIGNATURE REQUIRED

Date

29/04/2022

\*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).