

Report of Internal Auditor 2021/2022

General

1. This is my report for the financial year ending 31 March 2022. The Accounts and Audit (Wales) (Amended) Regulations 2005, Regulation 6, requires the Council to maintain an adequate and effective system of internal audit. Internal audit must be reviewed and applied at least once annually. This principle has been reinforced under Section B of the Accounts and Audit (Wales) Regulations 2014 - pertaining to smaller relevant bodies with annual gross income or expenditure less than £2.5 million.
2. This year's internal audit was again carried out remotely and therefore some of the usual personal checks had to be abandoned. (e.g. checks on individual invoices)..
3. Nonetheless, as for last year, I had access to reports produced as part of the accounting records in the Council's ledger system, AdvantEdge, and was able to raise queries where this was necessary. The system records transactions on a Receipts and Payments basis and converts this to an Income and Expenditure (or accruals) basis at the 31 March by bringing in debtors and creditors, investments and fund reserves, plus the production of a Consolidated Balance Sheet.

Budgets and Budgetary Control

4. The Council received and approved a detailed budget on 16th December 2020. A summary of the main components, plus the actual equivalent outcome is attached to this report. Significant points to note from this statement are:

The Council planned to spend (gross) £330,822, 5% of which was planned to be recovered by way of various charges; £312,000 (94%) from the precept and the remaining £2,000 from General reserve. In practice, the Council spent £316,599 gross, offset by income sources of £116,243, but this latter amount included a grant of £24,850 from the National Lottery for a new project 'Community Gardens'.

Net spending, at £200,243 was £113,644 less than planned, and £111,644 less than the Precept, meaning that reserves were inadvertently increased.

Reserves.

5. Compared with the position at this time last year (31 March 2021), reserves overall increased by 40% to £393,561 - mainly due to
 - Net underspendings of £37,000, extra income from the Picton Centre (£50,000) plus the grant for the Community Gardens.
6. The current Balance Sheet is showing:
 - General Reserve at £245,930 (nearest £)
 - Earmarked Reserves (5 items) at £147,631 (nearest £)

However, I suggest this is incorrect. It is clear from the letter of approval (dated 31 March 2021, ref. OM 20 00833) that the grant must be spent as shown at Appendix 1 (Project Costs). **This means the grant is restricted or earmarked, and cannot be used for general purposes. This has been discussed with the Town Clerk. The analysis shown above (para.6) therefore needs to be amended.**

VAT.

7. The reconciliation shows:

b/d April 2021	£7,685.11
Incurred 2021 22	<u>£24,217.51</u>
	£31,902.62
Recovered 2020 21	£7,685.11 -
2021 22	<u>£6,225.12 -</u>
c/d March 2022	£ 17,992.39 per Balance Sheet.

Section 137, LGA 1972

8. The ceiling for 2021 2022 was equivalent to £8.41 per registered numbers on the Electoral Roll, i.e. approximately £60,000. The Council recorded 22 items, totalling £48,116.64. Well within the permitted financial ceiling.

Payroll

9. The employee payroll calculations were undertaken by the IRIS bureau. Statements from the IRIS system have been reconciled with ledger codes 165.. It may be of interest to note:

Overall Cost

Gross pay & expenses	<u>£113,730.76</u>
Of which net pay was	£ 78,128.48 69%
Tax and NI was	£ 20,108.97 18%
Pensions	£ 15,355.61 13%
Travel expenses	£ 137.70

Bank Statements/Reconciliation

10. Bank statements at 31 March 2022 and the associated reconciliation statements are set out below: there were no un-presented items.

Bank Statements (March 31st)

Current Account	£ 256,983.40
Mayor's Charity Account	£ 642.52
Petty Cash	£ 150.00
Investment Account	£ 101,621.76

TOTAL (agreeing to Cash Book) £ 359,397.68

Asset Register

11. An appropriate register of assets is maintained, and was reviewed during the year. The listed assets amounted to £1,100,541.98 at 31 March 2022.

Risk Assessments.

12. I had access to a comprehensive schedule as at 31 March 2022. Insurance cover for 2021 2022 was noted. The existing agreement extends to April 2023.

Consolidated Balance Sheet

16. The Consolidated Balance Sheet, as printed for 2021 2022 should be considered along with this report as it forms an integral part of the Council's financial position.

B.W. Scourfield CPFA (retired)

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Date; 11th July 2022.

Acknowledgement:

I wish to formally thank the Clerk/RFO, Juliet Raymond , for her help and support, particularly as all the reports and queries were dealt with remotely during this period. It was much appreciated.