

# Annual Internal Audit Report 2021/22

MELTHAM TOWN COUNCIL

MELTHAM TOWN COUNCIL - GOV.UK

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. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
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 (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) 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

21/04/2022

Name of person who carried out the internal audit

Karen Borowski

Signature of person who carried out the internal audit



Date

04/05/2022

\*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).

INTERNAL AUDIT REPORT TO

**Meltham Town  
Council**

**April 2022**

# Contents

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1.	Introduction	2
2.	Comments arising from internal audit	3
3.	Conclusion on the internal audit	4

*The contents of this report are confidential and not for distribution to anyone other than Meltham Town Council and its external auditor. Disclosure to other third parties cannot be made without the prior written consent of Revell Ward Limited.*

# **1. Introduction**

## **1.1 Purpose of this report**

This Internal Audit examination took place prior to signing off the certificate contained within the “Local Councils in England Annual Return for the Year Ended 31 March 2022” in order to assess the Council’s continued compliance with financial controls and to test the levels of internal control and the completeness of accounting transactions.

This report has been prepared for the trustees of Meltham Town Council to bring attention to various matters arising from the internal audit of the Council for the year ended 31 March 2022.

## **1.2 Responsibilities**

It is the responsibility of councillors to put in place proper arrangements to ensure the proper conduct of the Council’s financial affairs, and to monitor the adequacy and effectiveness of those arrangements in practice. Councils are required to prepare their accounts in accordance with their statutory responsibilities, and to maintain an adequate system of internal audit of their accounting records and control systems.

Councils meet their responsibilities by preparing and publishing, and providing the auditor with, the accounts prepared for the financial year, together with such additional information and explanation as is necessary to provide sufficient evidence that they have maintained adequate systems of internal control and internal audit throughout the financial year.

## **1.3 Limitations**

Our internal audit was conducted in accordance with the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment) (England) Regulations 2006) and practice guidance set out in ‘Governance and Accountability for Local Councils: A Practitioner’s Guide’.

Our audit work was focused toward enabling completion of the annual internal audit report required as part of the Council’s annual return to its external auditors.

We have included in this report only those matters that have come to our attention as a result of our normal internal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all weaknesses that may exist or improvements that could be made.

This report is to be regarded as confidential to the councillors and officers of Meltham Town Council and is intended for use by the Council and its external auditor only. No responsibility is accepted to any other person in respect of the whole or part of its contents. Before this report, or any part of it, is disclosed to a third party our written consent must be obtained.

## **2. Comments arising from internal audit**

### **2.1 Tendering of contracts**

We advise that, although the supplier for the upkeep and maintenance of the park is on a rolling annual contract, external quotes should be obtained every 3 years as a benchmark so there is no risk of a lack of independence when reviewing the contract.

### **2.2 Fixed assets**

During the review of the fixed asset register, it has been noted that not all new capital expenditure during the year has been included on the fixed asset register. We recommend that all expenditure classified as capital per the accounting records be included on the fixed asset register (aside from grant expenditure whereby the council doesn't gain any ownership).

### **3. Conclusion on the internal audit**

The internal audit progressed smoothly and no limitations in the scope of our work arose. We will therefore be in a position to complete the internal audit report contained in the Council's annual return, subject to the councillors approving the annual return as presented to us.

We would like to take this opportunity to thank Michelle Chard for assisting us both during and since the internal audit.