

2020 Internal Audit Report to Whessoe Parish Council

The Internal Audit took place over two visits, the first on 18th February provided the opportunity to review the financial record-keeping systems, including the Rialtos electronic accounting system, and gain an understanding of the Parish Council's activities and how it conducted its financial business. The second visit took place on 16th June (delayed due to the Coronavirus crisis). In advance of this latter visit the Clerk/RFO sent me, electronically, a copy of the Financial Regulations and all Minutes of Parish Council and Parish Hall Committee meetings, including those of the Annual Parish Council meeting. I used these to identify particular items to investigate further during my visit.

At the June visit I examined:

- a number of receipts and payments recorded against the actual paper receipts and invoices, Bank Statements and Minutes;
- the grants file in which copies of all invoices related to expenditure against grants is retained, together with notification from the grant-maker;
- the Precept notification letter against the Minutes and Budget
- the insurance cover and asset valuation for insurance
- the list of physical assets
- salary payments and HMRC PAYE records
- VAT records
- The AGAR for 2018/19 when no External Audit was required and the Council declared itself exempt.

Previous Internal Audit Report: No issues were raised.

Book-Keeping: I found it very easy to track both receipts and payments through the system, with accurate reporting to Council of both. The electronic accounting system makes it easy to check accuracy of entries and calculations, is automatically balanced after each entry, and was up-to-date.

Standing Orders and Financial Regulations: Adopted and recently reviewed and amended. The amendment to be made was recorded in the Minutes (93.19) and the copy of the Financial Regs. sent to me showed this had been implemented. The Clerk, appointed during the year, was also appointed as RFO - clearly minuted (26.19). In accordance with the Financial Regs, tenders were sought for services and any items of equipment were competitively purchased, evidenced in Minutes.

VAT is clearly identified and normally reclaimed annually, however this year, due to a projected cash-flow shortage, an interim claim was made. All clearly recorded.

No Section 137 expenditure incurred.

Risk Management Arrangements: The Minutes of the Annual PC meeting show that the annual Risk Assessment was approved (11.19); insurance cover was also approved (10.19) and is adequate given the assets.

Budgetary Controls: Minutes show that the Budget for 2020/21 was agreed in November, and the Precept demand identified (59.19). The only significant variance from budget was clearly explained and minuted; this related to increased costs of refurbishing the Parish Hall, for which further grant aid was sought and received.

Income Controls: No cash receipts or payments are made – all income is received by cheque or bank transfer. The letter received from Darlington Borough Council (DBC) clearly states the Precept figure, which is the same as that recorded in the Cash Book and Minutes. When I queried this, as Councils usually have Local Council Tax Support, the RFO explained that DBC no longer disaggregates the LCTSS.

The Parish Council uses on-line Banking, with two Councillors required to authorise any payment. There are clear, agreed and minuted levels of expenditure allowed without further authorisation from full Council.

Petty Cash Procedures: The Council has made a specific decision NOT to have any cash transactions (Financial Regulations) and now has a Debit card which is used, when required, and when authorised by Council, by the Clerk only. Every payment thus made was identifiable and evidenced by receipts which correlated with Bank Statement entries.

Payroll Controls: Salary payments are made quarterly as approved by the Council, and are recorded in the Minutes. PAYE/NIC records show these are made in a timely fashion and are accurate.

Assets Controls: I viewed the list of physical assets which was up-to-date and was sent to the insurer to ascertain the correct level of insurance. These assets include the Parish Hall and its contents.

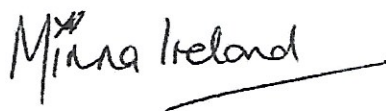
Bank Reconciliation: Minutes and other records demonstrated that Bank Reconciliations are carried out on the system on a monthly basis; 2 Councillors undertake a quarterly reconciliation as a further check, reported to council and minuted. There have been no unexplained balancing entries.

Year-End Procedures: The year-end accounts are produced by the electronic accounting system on the correct accounting basis. There is a clear and transparent audit trail throughout, with no debtors or creditors at year end.

The Clerk/RFO is commended for his very thorough record-keeping.

Recommendations: I would **strongly recommend** that the Council obtains written confirmation from the Borough Council that no element of LCTSS is included in the Precept, before the Accounts are formally accepted. I do this in the knowledge that in previous years other Parish Councils have been caught out, as their higher authority didn't make specific reference to the LCTSS element when confirming the precept; the External Auditors will be checking this item in particular. If it transpires that there is an element of LCTSS this must be deducted from the Precept figure, added to other receipts, and the Precept figure amended.

Signed:



Date: 16th June 2020

Minna Ireland, Hon. Treasurer, Tees Valley Rural Action
Clerk/RFO, Elwick and Hart Parish Councils