

# **TOLLESHUNT D'ARCY PARISH COUNCIL**

## **INTERNAL AUDIT REPORT 2020 / 2021**

**M Howard (F.C.P.F.A.)  
Internal Auditor  
May 2021**

**CONFIDENTIAL**

## **Introduction**

I have now examined the records for 2020/2021 using, as the basis of my review, the internal control objectives required by the external auditor as part of the Annual Return. I would like to take this opportunity to express my appreciation to Mrs. Michelle Curtis for her assistance and for the straight forward and helpful way with which she presented the Council's procedures and records.

## **Findings**

**A summary of the Annual Return control objectives, together with my findings and recommendations are listed below:**

### **A. Control Objective**

**Appropriate books of account have been properly kept throughout the year.**

#### **Finding**

During the year a new computerized accounting system, called "Alpha" was implemented and together with payroll software has been used to record the Council's financial transactions for 2020/21. During my audit I was able to extensively check that the transactions were consistent with those recorded by the bank, in the year end accounts and the Annual Return.

At the year end these systems provided the information required in the annual accounts prepared by the Clerk and the latest Annual Return.

### **B. Control Objective**

**The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT appropriately accounted for.**

#### **Finding**

The Council's Standing Orders and the Financial Regulations were reviewed in May 2021.

During 2020/21 payments were supported by invoices, expenditure was approved, authority for payments were all recorded and VAT appropriately accounted for. At the 31<sup>st</sup> March 2021 all VAT paid had been reclaimed or accounted for.

In January 2021 it was necessary for the Clerk, to settle a payment of £2,167.78 to Greenbarnes, for a Notice Board, by using her own private bank card. The Council then reimbursed the Clerk. Other Councils provide their Clerk with a business debit card, with control limits, which they can use for transactions such as these including purchases on the internet.

### C. Control Objective

**The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

#### Finding

The risk assessment was reviewed and approved by the Council on the 27<sup>th</sup> April 2021.

In March 2019, a new "Practitioners Guide" regarding Governance and Accountability for Local Councils was published with changes to the external audit requirements, including those relating to Risk Assessment.

The Risk Assessment and Management document approved by the Council in April 2021 follows the approach recommended in the Practitioners Guide.

### D. Control Objective

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

#### Finding

The annual precept requirement did result from an adequate budgetary process. Progress against the budget was regularly monitored during 2020/21.

### E. Control Objective

**Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.**

#### Finding

The receipts received during 2020/21 other than the £21,515 precept were:

- £11,315 Grants and Donations
- £3,707 Burial Ground fees.
- £220 Pitch Fees

In addition, £769.99 VAT was received in the period ended 31<sup>st</sup> March 2021. A further £1,249.01 was outstanding as at the 31<sup>st</sup> March 2021 for the period 1<sup>st</sup> October 2020 to 31<sup>st</sup> March 2021.

**F. Control Objective**

**Petty Cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.**

**Finding**

There is no petty cash.

**G. Control Objective**

**Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.**

**Finding**

I have not been provided with the new contract of employment for the Clerk following her November 2020 upgrade. During 2020/21 she has been paid consistent with previous contracts of employment before the upgrade agreed by the Council in November 2020.

In addition, the Clerk was paid [REDACTED] for burial ground duties.

I was able to verify that all PAYE and NI requirements were met during 2020/21 other than a payment of £108.20 due in January 2021 had not being made. I understand that this was corrected in early 2021/22.

The PAYE year end returns have been submitted to HMRC by the Clerk.

**H. Control Objective**

**Asset and Investment registers were complete and accurate and properly maintained.**

**Finding**

I have examined the Register of Assets provided for audit examination which includes insurance valuations which can be reconciled with the insurance policy.

The Value of Assets on the Annual Return at the 31<sup>st</sup> March 2021 is £209,170 which is consistent with the 2021 asset register.

External Audit guidance has changed again regarding how Local Councils should value their assets. This does not require any changes for this year but there may be advantages in reviewing the Council's arrangements before March 2022.

**I. Control Objective**

**Periodic and year end bank account reconciliations were properly carried out.**

**Finding**

Bank reconciliations were carried out throughout the year and the reconciliation as at the 31<sup>st</sup> March 2021 was formally recorded and verified during the audit.

**J. Control Objective**

**Accounting statements prepared during the year were prepared on the correct accounting basis, agree with the cash book, and were supported by an adequate audit trail from underlying records.**

**Finding**

The Accounting statements prepared during the year were prepared on a receipts and payments basis, they agree with the cash book, and are supported by an adequate audit trail from underlying records.

**K. Control Objective**

**If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the criteria and correctly declared itself exempt.**

**Finding**

In 2019/20, the Council did not exempt itself from a limited assurance review..

**L. Control Objective**

**The authority 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.**

**Finding**

The Information can be found on [tolleshuntarcy.org](http://tolleshuntarcy.org).

**M. Control Objective**

**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**

**Finding**

I have a copy of the 2020 Notice of “Public Rights...” and viewed it on the current website.

**N. Control Objective**

**The authority has complied with the publication requirements for 2019/20 AGAR.**

**Finding**

I can confirm these requirements are being complied with on the current website.

I would draw the Council’s attention to the publication requirements for the 2020/21 AGAR, particularly those which must be complied with by the 1<sup>st</sup> July 2021.

**O. Control Objective**

**Trust funds (including charitable). The council has met its responsibilities as a trustee.**

**Finding**

Not Applicable.

**Recommendations**

**With reference to the above findings I recommend that the Council speedily progress the following-**

- **Review the feasibility of providing the Clerk with a bank debit card, effectively controlled, to enable her to conduct Council business more transparently.**
- **Update the Clerk’s Contact of employment.**
- **The requirements regarding the web site are fully complied with by the 1<sup>st</sup> July 2021 and that this is recorded formally in the Councils Minutes.**
- **Review its valuation of assets before March 2022 as per the revised external audit guidance.**

**Opinion**

**After extensive checking of the Council's records and accounts, I have found the systems to be sound. During the year 2020/21 the procedures and processes required by the external auditor have been improved by the Clerk and operated effectively.**

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**M. G. Howard F.C.P.F.A**

**31<sup>st</sup> May 2021**