

**TOLLESHUNT KNIGHTS
PARISH COUNCIL**

**REPORT ON
INTERNAL AUDIT FOR 2020/21**

N Powell Davies ACMA

Internal Auditor

April 2021

INTRODUCTION

A smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.' These auditing standards and guidance have been set out in 'Governance and Accountability for Smaller Authorities in England' published in March 2021 and available on the NALC website. My internal audit review of the Parish Council's financial affairs for 2020/21 was guided by these documents and the requirements of the Annual Internal Audit Report that forms part of the Annual Governance and Accountability Return for the Council.

I would like to thank Miss Vysian Banyard, Clerk and Responsible Financial Officer to the Council, for her assistance and the clear way in which documents were provided.

FINDINGS

From the work carried out there are a number of findings that should be considered by the Council. The most significant are highlighted below with more details in the Appendix.

1. At the beginning of the year the Council had to deal with the introduction of restrictions associated with the outbreak of Covid 19. These were dealt with effectively and the Council have adapted to meeting on Zoom. Arrangements for payment cheques to be signed after approval by the Council at its meeting are practical.
2. A spreadsheet was maintained through the year as a record of the financial transactions of the Council. A financial statement and bank reconciliation are presented to the Council at its monthly meetings.
3. Year end accounts have been prepared on a receipts and payments basis which is appropriate for a council of this size. They agreed with the cash book and the audit trail was good.
4. Standing Orders and Financial Regulations based on models issued by NALC were confirmed by the Council at its meeting in March 2021.
5. In November a pay increase for the Clerk was agreed, backdated to the previous April. No allowances were paid to members.
6. The register of community assets has been updated for new equipment purchased in the year. The register does not include the dates of purchase.
7. A Working Party was formed to discuss the budget and precept for 2021/22 in detail. The full Council ratified their proposals and agreed the budget and precept requirement at its meeting in December.

8. The Council's reserves stood at just over £19,000 at the year end but £2,000 of this is earmarked for tree work in the playing field and repairs to the Village Hall car park that it wasn't possible to complete during the year.
9. The Risk Assessment posted on the Council's website is dated September 2018 and there is no record of any review having taken place.
10. NALC is now recommending that all local councils should have .gov.uk websites and attached secure generic email addresses to reduce the possibility of interference.
11. Income was received for the precept, the VAT reclaim for the previous year and payments by football clubs for the use of the pitch in the playing field. I had no means of checking whether these charges were correct or all paid.
12. The requirements for declaring the council exempt from the limited assurance review and publishing the notice of public rights of inspection of accounts were met for 2019/20.
13. Under the Transparency Code for Smaller Authorities 2014, the Parish Council are required to publish certain information on a website within certain time limits. On 19th April the minutes of the meeting on 16th March and the agenda for the meeting that evening were missing from the web site.

RECOMMENDATIONS

With reference to the above findings I recommend that the Council agree actions to address the following issues:-

1. The advisability of opening a .gov.uk registered website with associated secure, generic email addresses should be investigated.
2. Invoices raised for football clubs' use of the playing field should be copied to the Clerk.
3. Details of meetings, agendas and minutes should be kept up-to-date on the website in accordance with the requirements of the Transparency Code.
4. The Risk Assessment should be reviewed each year for continued relevance.

OPINION

The financial processes of the Council are well managed by the Responsible Finance Officer. She is to be congratulated in particular for the prompt completion of the end of year procedures. The Council should now work with her to address the issues raised in this report.

N Powell Davies

N Powell Davies, BSc, ACMA, CGMA

27th April 2021

TOLLESHUNT KNIGHTS PARISH COUNCIL – DETAILED FINDINGS 2020/21

EXPECTATION OF ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN

Expectation	Findings	Recommendations
A Appropriate accounting records have been properly kept throughout the year.	<ul style="list-style-type: none"> • An Excel spreadsheet is maintained as a record of transactions. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for.	<ul style="list-style-type: none"> • Standing Orders and Financial Regulations based on models issued by NALC were confirmed by the Council at its meeting in March 2021. • Invoices to support payments were generally available. Expenditure was approved by the Council. • VAT was appropriately accounted for. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<ul style="list-style-type: none"> • The Risk Assessment posted on the Council's website is dated September 2018 and there is no record of any review having taken place. • NALC is now recommending that all local councils should have .gov.uk websites and attached secure generic email addresses to reduce the possibility of interference. • The Council has adequate insurance to cover the relevant risks. 	<ul style="list-style-type: none"> • It is best practice to review the Risk assessment each year for continued relevance. • The advisability of opening a .gov.uk registered website with associated secure, generic email addresses should be investigated.

Expectation	Findings	Recommendations
<p>D The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<ul style="list-style-type: none"> • The budget for 2021/22 prepared by a Working Party was approved and the precept set for £10,000. This was an increase of £500 or 5% over the 2020/21 level. • A report comparing spend to date against the budget for the year is presented at the monthly council meetings. • The Council's reserves stand at just over £19,000 but £2,000 of this is earmarked for tree work in the playing field and repairs to the Village Hall car park that it wasn't possible to complete during the year. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
<p>E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	<ul style="list-style-type: none"> • Income was received for the precept, the VAT reclaim for the previous year and payments by football clubs for the use of the pitch in the playing field. I had no means of checking whether these charges were correct or all paid. 	<ul style="list-style-type: none"> • Invoices raised for football clubs' use of the playing field should be copied to the Clerk.
<p>F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</p>	<ul style="list-style-type: none"> • A petty cash account is not maintained. 	<ul style="list-style-type: none"> • Not relevant.

Expectation	Findings	Recommendations
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.	<ul style="list-style-type: none"> • In November a pay increase for the Clerk was agreed, backdated to the previous April. This was paid in line with the decision. • PAYE and NI requirements are properly applied. • No allowances were paid to members. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
H Asset and investments registers were complete and accurate and properly maintained.	<ul style="list-style-type: none"> • The register of community assets was updated during the year for purchases made. • Dates of purchase are not included in the register. 	<ul style="list-style-type: none"> • The opportunity to build up the history of asset purchases by noting dates against additions should be taken.
I Periodic bank account reconciliations were properly carried out during the year.	<ul style="list-style-type: none"> • A bank reconciliation is presented to the Council at each meeting. • Cheque no 442 for £45 has been outstanding all year so is no longer valid. 	<ul style="list-style-type: none"> • The cheque unrepresented for over a year should be written back onto the cash book and a replacement issued if appropriate.
J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book and were supported by an adequate audit trail from underlying records.	<ul style="list-style-type: none"> • Year end accounts have been prepared on a receipts and payments basis which is appropriate for a council of this size. They agreed with the cash book and the audit trail was good. 	<ul style="list-style-type: none"> • Agreed that expectation met with.

Expectation	Findings	Recommendations
K IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt.	<ul style="list-style-type: none"> The Council met the criteria for exemption from a limited assurance review in 2019/20 and completed the certificate correctly. 	<ul style="list-style-type: none"> Agreed that expectation met with.
L 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.	<ul style="list-style-type: none"> Most of the current information required under the Transparency code for smaller authorities was found on the Council's website. However, the Minutes of the meeting held on 15th March 2021 was not available on 19th April, nor the Agenda for the meeting scheduled for that day. 	<ul style="list-style-type: none"> Details of meetings, agendas and minutes should be kept up-to-date on the website in accordance with the requirements of the Transparency Code.
M 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.	<ul style="list-style-type: none"> The notice of public rights to examine the accounts for 2019/20 was published on the Council's website. 	<ul style="list-style-type: none"> Agreed that expectation met with.
N The authority has complied with the publication requirements for 2019/20 AGAR.	<ul style="list-style-type: none"> The publication requirements for the 2019/20 AGAR have been complied with. 	<ul style="list-style-type: none"> Agreed that expectation met with.