

GOLDHANGER PARISH COUNCIL

REPORT ON INTERNAL AUDIT FOR 2020/21

N Powell Davies ACMA, CGMA

Internal Auditor

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INTRODUCTION

A smaller authority such as Goldhanger Parish Council 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.

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 is used to record the financial transactions of the Council through the year. Although VAT is recorded separately, the analysed costs are recorded gross rather than net of VAT which makes producing reports more difficult. A financial statement and bank reconciliation are presented to the Council at its monthly meetings. 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.
3. Standing Orders and Financial Regulations were reviewed by the Council at its meeting in March 2021 and re-approved unchanged.
4. At its meeting in January the Council discussed a draft budget for 2021/22 and various projects that might be undertaken. The budget and precept were agreed.
5. The Clerk's salary was approved by the Council each month, an increase being agreed in June. PAYE and NI requirements were properly applied. No allowances were paid to Councillors.
6. The Risk Assessment was reviewed by the council at its meeting in June 2020. 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.
7. There is no record of the charge for allotment rents being reviewed in the year.

8. An updated register of community assets was prepared in March 2021 reflecting the purchase of a water testing kit and new slide.
9. The certificate of exemption from a limited assurance review and the notice of public rights to review the accounts for 2019/20 were correctly completed and displayed on the Council's website.
10. The Council's website includes most of the information required under the Transparency Code for Smaller Authorities 2014. At the time of the audit at the beginning of May, however, the minutes of the March meeting had not been posted. The bank reconciliation was not included with the other published documents for the 2019/20 AGAR.

RECOMMENDATIONS

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

1. Net costs should be used in the analysis columns of the spreadsheet. This will facilitate reporting actual costs to the council.
2. The advisability of opening a .gov.uk registered website with associated secure, generic email addresses should be investigated.
3. It is best practice to review allotment charges at least annually, as set out in Financial Regulation 8.2.
4. Details of meetings, agendas and minutes should be kept up-to-date on the website in accordance with the requirements of the Transparency Code.
5. Care should be taken that all the requirements relating to publication of the AGAR on the council's website are met.

OPINION

The financial processes of the Council are generally well managed by the Clerk and Responsible Finance Officer. She is to be congratulated in particular for the prompt completion of the end of year procedures and her monthly reports to Council meetings. It is disappointing, however, that some of my recommendations have been carried forward from last year. The Council should now work with her to address the issues raised in this report.

N Powell Davies

N Powell Davies, BSc, ACMA, CGMA

19th May 2021

GOLDHANGER PARISH COUNCIL – DETAILED FINDINGS 2020/21

EXPECTATION OF ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN INTERNAL AUDIT REPORT

Expectation	Findings	Recommendations
<p>A Appropriate accounting records have been properly kept throughout the year.</p>	<ul style="list-style-type: none"> • An Excel spreadsheet is maintained as a record of transactions. • Although VAT is recorded separately, the analysed costs are recorded gross rather than net of VAT which makes producing reports showing the actual cost of purchases to the council more difficult. 	<ul style="list-style-type: none"> • Net costs should be used in the analysis columns of the spreadsheet. This will facilitate reporting actual costs to the council.
<p>B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for.</p>	<ul style="list-style-type: none"> • Standing Orders and Financial Regulations were reviewed by the Council at its meeting in March 2021 and re-approved unchanged. • Invoices to support payments were available. Expenditure was approved by the Council. • VAT was appropriately accounted for. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
<p>C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<ul style="list-style-type: none"> • The Risk Assessment was reviewed by the council at its meeting in June 2020. • 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"> • The advisability of opening a .gov.uk registered website with associated secure, generic email addresses should be investigated.

Expectation	Findings	Recommendations
D The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<ul style="list-style-type: none"> • At its meeting in January the Council discussed a draft budget for 2021/22 and various projects that might be undertaken. The precept was agreed at an increased level. • Reports of the financial position are presented to the Council at its monthly meetings. • The level of the Council's general reserves is appropriate. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<ul style="list-style-type: none"> • Income was received for the precept, a Locality grant, bank interest and allotment rents. • There is no record of the charge for allotment rents being reviewed. Receipts had been completed for the allotment rents. 	<ul style="list-style-type: none"> • It is best practice to review charges at least annually, as set out in Financial Regulation 8.2.
F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<ul style="list-style-type: none"> • A petty cash account is not maintained. 	<ul style="list-style-type: none"> • Not relevant.
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 June a pay increase for the Clerk was agreed. 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.

Expectation	Findings	Recommendations
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 for purchases made during the year. • Care needs to be taken that replaced assets such as dog bins and play equipment are deleted from the register. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
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. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
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.
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 10th March 2021 was not available on 3rd May. The Agenda for the meeting scheduled for 5th May was on the website. 	<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.

Expectation	Findings	Recommendations
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"> • Most of the publication requirements for the 2019/20 AGAR have been complied with. The bank reconciliation was not posted, however. 	<ul style="list-style-type: none"> • Care should be taken that all the requirements are met.