

THRYBERGH PARISH COUNCIL

INTERNAL AUDIT REPORT 2019/2020 FINANCIAL YEAR

1 I have completed an audit of the internal controls of Thrybergh Parish Council in respect of the financial year ended 31st March 2020. Having completed the audit, I have been able to sign the Annual Report by the Internal Auditor in accordance with the requirements of the Local Audit and Accountability Act 2014 (The Accounts and Audit Regulations 2015) and in so doing have noted that the Council conducts its affairs in a sound manner.

2. In carrying out the audit I have followed the suggested approach to Internal Audit Testing as defined by the National Audit Office and can confirm that I have acted independently in carrying out the Audit.

3. Internal Control 1 - Proper Book-keeping

(a) Is the cashbook (receipts and payments) maintained and up to date?

Yes. The Accounts continue to be kept in good order throughout the year with a good system of cross-referencing.

During this financial year, the Parish Council has invested in a computerised accounts system (Edge IT), the Clerk/Responsible Financial Officer has been trained in its operation and the benefits of using this system are already apparent in terms of control of the Council's financial affairs.

(b) Is the cash book arithmetic correct?

Yes. An arithmetical check has been carried out in accordance with the recommendations of audit practice.

The use of the computerised system ensures that the cash book is routinely balanced with the bank statement, therefore the Parish Council has responded effectively to the recommendation contained within last year's Internal Audit report.

4. Internal Control 2 - Standing Orders, Financial Regulations and Payment Controls

(a) Has the Council formally adopted Standing Orders and Financial Regulations?

Yes. The Parish Council continues to operate based on a comprehensive set of Standing Orders and Financial Regulations. These documents are reviewed on a regular basis.

(b) Has a Responsible Financial Officer been appointed with specified duties?

Yes, the Clerk is also fulfilling the role of Responsible Financial Officer and there is reference to the R.F.O.'s specific duties in the Financial Regulations.

(c) Have items or services above a de-minimis amount been competitively purchased?

Yes. There is no evidence to suggest that the Council is not achieving good value for money from its contracts for the supply of goods or materials, or for the execution of works. As one example in this financial year, the Parish Council has completed extensive refurbishment work in the bar area of the Parish Hall.

- (d) Are payments in the cashbook supported by invoices, authorised and minuted?

Following a complete review of the financial records it is evident that payments are supported by invoices, authorised and are recorded in the minutes of meetings appropriately.

The 'Receipts and Payments' book is kept up-to-date. Cheques which are issued are recorded when cashed, so that the Clerk can regularly, by contacting the bank, know exactly the amounts in the bank and also the cheques issued but not yet presented.

With the Parish Council making more use of the BACS payment method, instead of payment by cheque, it was noted that the schedule of payments is correctly reported to each Parish Council meeting.

- (e) Has VAT on payments been identified, recorded and reclaimed?

Yes. As part of this internal audit, the VAT on payments has been identified and recorded correctly in all cases. It is also appropriate to note that the claims for VAT repayment continue to be made in a very good, accurate and timely manner, with the Edge IT system facilitating this process.

- (f) Is Section 137 expenditure separately recorded and within statutory limits?

There is a good process for separately recording Section 137 expenditure. The overall total amount of Section 137 expenditure remains within the statutory limits.

5. Bank Accounts

The Parish Council banks with the Co-operative Bank and also has an account with the HSBC bank. Every effort should be made to ensure that the signatories to the bank accounts are up-to-date.

It was noted during internal audit that the Parish Council is reviewing its bank accounts to ensure that they are appropriate for the Council's finances.

6. Wages

Appropriate records are maintained for each employee. The correct amounts have been paid, including payments to HM Revenues and Customs. As part of this internal audit, these amounts have been checked and have been found to be correct.

The appropriate employer and employee contributions are being made to the South Yorkshire Pension Fund each month.

7. Financial Year End

A Statement of Accounts is produced for the External Auditor, which shows last year's figures (2018/19), as well as this year's (2019/20). A summary is also produced, recording the Parish Council's bank accounts and the individual balances at the end of the financial year.

8. Governance (Parish Council membership)

During this financial year, there have been several changes of membership of the Parish Council and a number of vacant seats remain on the Council. The Parish elections scheduled to take place in May 2020 have been delayed until May 2021 because of the Coronavirus (Covid-19) pandemic.

The existence of vacant seats increases the likelihood of Parish Council meetings not achieving the necessary quorum and therefore the Parish Council must monitor the attendance of Councillors at meetings in accordance with the provisions of Section 85 of the Local Government Act 1972 and also Schedule 12 of that Act.

9. Risk Management Arrangements

The carrying out of an annual risk assessment is part of the arrangements for Corporate Governance and appropriate records are kept and reviews undertaken.

It is evident that insurance cover is reviewed on an annual basis and the insurance policy is kept up to date.

10. Recommendation

The Parish Council should ensure that the attendance of Councillors at meetings is routinely monitored in accordance with Section 85 of the Local Government Act 1972 and also Schedule 12 of that Act.

11. Conclusion

I would like to thank the Parish Clerk for his help and co-operation with the Audit. There are no specific items on which I wish to submit a special report.

Richard Bellamy
Internal Auditor
3rd July 2020