

**TOLLESHUNT MAJOR  
PARISH COUNCIL**

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

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**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. She is especially to be complimented on the speed with which the accounts were presented.

## 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. 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 based on a model published by NALC were approved by the Council at its meeting in September 2020. Revised Financial Regulations based on a model issued by NALC were approved by the Council at its meeting in March 2021.
4. A bank reconciliation is presented to the Council at each meeting. Independent checks carried out by two councillors are reported to the meetings.
5. Payments were supported by evidence and approved by the Council and VAT was appropriately accounted for. The check of the bank reconciliation by two councillors was reported to council meetings.
6. The Council agreed a Risk Assessment at its meeting in May 2020. It does not include the possibility of a meeting or the whole council being inquorate which is a real possibility in such a small council. NALC is now recommending that all local councils should have .gov.uk websites and attached secure generic email addresses.

7. The budget and precept requirement for 2021/22 were agreed by the council at its meeting in January 2021 following detailed discussions. A report comparing spend to date against the budget for the year is presented at the monthly council meetings. The Council's reserves are growing and stood at over 26 times the average monthly spend at the end of the year. The recommended minimum is 12 months spend.
8. The Clerk's salary and allowances were paid in accordance with council approvals. No allowances were paid to members.
9. The register of community assets was updated for acquisitions and disposals in March 2021.
10. The Council met the criteria for exemption from a limited assurance review in 2019/20 and completed the certificate correctly. The notice of public rights to examine the accounts for 2019/20 was published on the Council's website. The publication requirements for the 2019/20 AGAR have been complied with.

#### RECOMMENDATIONS

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

1. The advisability of opening a .gov.uk registered website with associated secure, generic email addresses should be investigated.
2. Consideration should be given to extending the remit of the Risk Assessment to cover the risk of a meeting or the whole council being inquorate
3. Some of the Council's reserves should be earmarked towards major projects.

#### OPINION

The financial processes of the Council continue to be very well managed by the Responsible Finance Officer with support from Councillors.

*N Powell Davies*

N Powell Davies, BSc, ACMA, CGMA

27<sup>th</sup> April 2021

## TOLLESHUNT MAJOR 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"> <li>• An Excel spreadsheet is maintained as a record of transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
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"> <li>• Revised Standing Orders based on a model published by NALC were approved by the Council at its meeting in September 2020.</li> <li>• Revised Financial Regulations based on a model issued by NALC were approved by the Council at its meeting in March 2021.</li> <li>• Invoices to support payments were available. Expenditure was approved by the Council.</li> <li>• VAT was appropriately accounted for.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>

<b>Expectation</b>	<b>Findings</b>	<b>Recommendations</b>
<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"> <li>• The Council agreed a Risk Assessment at its meeting in May 2020. This is posted on the Council’s website under Policies and Procedures.</li> <li>• The Risk Assessment does not include the possibility of a meeting or the whole council being inquorate which is a real possibility in such a small council.</li> <li>• 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.</li> <li>• The Council has adequate insurance to cover the relevant risks.</li> </ul>	<ul style="list-style-type: none"> <li>• The advisability of opening a .gov.uk registered website with associated secure, generic email addresses should be investigated.</li> <li>• Consideration should be given to extending the remit of the Risk Assessment to cover the risk of a meeting or the whole council being inquorate.</li> </ul>
<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"> <li>• The budget and precept requirement for 2021/22 were agreed by the council at its meeting in January 2021 following detailed discussions.</li> <li>• A report comparing spend to date against the budget for the year is presented at the monthly council meetings.</li> <li>• The Council’s reserves are growing and stood at over 26 times the average monthly spend at the end of the year. The recommended minimum is 12 months spend.</li> </ul>	<ul style="list-style-type: none"> <li>• Some of the Council’s reserves should be earmarked for specific projects.</li> </ul>

<b>Expectation</b>	<b>Findings</b>	<b>Recommendations</b>
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"> <li>• The only income was the annual precept payment and a VAT reclaim. These were accounted for appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
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"> <li>• A petty cash account is not maintained.</li> </ul>	<ul style="list-style-type: none"> <li>• Not relevant.</li> </ul>
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"> <li>• The Clerk's salary and allowances were paid in accordance with council approvals.</li> <li>• PAYE and NI requirements are properly applied.</li> <li>• No allowances were paid to members.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
H Asset and investments registers were complete and accurate and properly maintained.	<ul style="list-style-type: none"> <li>• The register of community assets was updated during the year for purchases made.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
I Periodic bank account reconciliations were properly carried out during the year.	<ul style="list-style-type: none"> <li>• A bank reconciliation is presented to the Council at each meeting. Independent checks carried out by two councillors are reported to the meetings.</li> <li>• The year-end bank reconciliation was incorrect due to a 50p overpayment by the bank.</li> </ul>	<ul style="list-style-type: none"> <li>• The overpayment by the bank should be reflected in the cash book so that it reconciles to the bank statement.</li> </ul>

<b>Expectation</b>	<b>Findings</b>	<b>Recommendations</b>
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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Agreed that expectation met with.</li> </ul>
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"> <li>The Council met the criteria for exemption from a limited assurance review in 2019/20 and completed the certificate correctly.</li> </ul>	<ul style="list-style-type: none"> <li>Agreed that expectation met with.</li> </ul>
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"> <li>The current information required under the Transparency code for smaller authorities was all found on the Council's website.</li> </ul>	<ul style="list-style-type: none"> <li>Agreed that expectation met with.</li> </ul>
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"> <li>The notice of public rights to examine the accounts for 2019/20 was published on the Council's website.</li> </ul>	<ul style="list-style-type: none"> <li>Agreed that expectation met with.</li> </ul>
N The authority has complied with the publication requirements for 2019/20 AGAR.	<ul style="list-style-type: none"> <li>The publication requirements for the 2019/20 AGAR have been complied with.</li> </ul>	<ul style="list-style-type: none"> <li>Agreed that expectation met with.</li> </ul>