

Hartshorne Parish Council

Independent Internal Auditor's Report for 31st March 2023

Introduction

The internal audit took place at the end of April/beginning of May 2023. I have carried out an internal audit of the Council's records in accordance with the Council's requirements and under the guidelines of Governance and Accountability for Local Councils.

Whilst I have not tested all transactions, my sample has, where appropriate, covered the entire year so as to provide an assessment of compliance with the relevant policies and controls that are expected to be in operation during the above financial year. The audit has covered the work carried out by the Clerk & Responsible Finance Officer to the Council in the execution of her duties, ensuring that all relevant regulations have been met and the Council's resolutions have been carried out in a proper and timely manner.

Scope of Audit

Amongst others the following areas were subject to inspection:

- Observance of Financial Regulations
- Observance of Standing Orders
- Operation and Reconciliation of Bank Accounts
- Cash Book Receipts and Payments
- Invoices received
- Value Added Tax Refund
- Preparation of Receipts and Payments Account
- Preparation and approval of Budget and Precept
- Council Minutes, Resolutions and Authorised Payments
- Fixed Assets
- Risk Assessment (not available)
- Adequacy of Insurance Cover
- Payroll Records and Clerk's Expenses
- Precept Requirement and budget (budget not available)
- Adequacy of Council Reserves
- Annual Return this year
- Annual Return last year with Internal Auditor's Report

The accounts were prepared on an income and expenditure basis and the appropriate reconciliations and variance analysis were duly prepared.

A. Appropriate Accounting Records

The brought forward balances were compared with the previous year's closing balances and no errors were found. The cashbook is kept on an Excel spreadsheet and this method of recording income and expenditure is sufficient for a parish council of Harthorne's size.

The only bank reconciliation and budget comparisons noted in the minutes were in September. Paragraph 17 (c) of the Council's Standing Orders and paragraph 4.8 of the Financial Regulations, state that these should be carried out on a quarterly basis.

Although a budget for expenditure was prepared for the year 2022/23 expected income was not budgeted. Expected income and expenditure for the year should be considered when determining the precept demand.

B. Financial Regulations, documentation and approvals

All of the transactions chosen in the sample of payments from the cashbook were supported by invoices authorised for payment and approved in the minutes. Where VAT was applicable this was correctly accounted for.

VAT on expenditure during 2021/22 was reclaimed during the year.

Revised Standing Orders and Financial Regulations were reviewed and adopted at the September 2022 meeting.

A schedule of payments is included with each Agenda and minuted, in accordance with paragraph 5.2 of the Financial Regulations.

For transparency the minutes of the Finance Working Group should also be published on the website.

Minutes are initialled on each page and signed on the last page by the Chair.

C. Assessment of Significant Risk

The Council's Risk Register was reviewed and adopted at the September monthly meeting and a copy is published on the website.

The playground equipment is inspected annually by a ROSPA qualified inspector. Additional checks are made throughout the year by the Council's Lengthsman as well as SDDC. A new contract has recently been signed with SDDC for this service. The Clerk keeps an action log of all maintenance required, which is reviewed regularly.

The Council has taken the decision not to insure the MUGA pitches against damage as the view is that they are indestructible. All other fixed assets, such as leisure equipment and storage containers are insured, and the Council has Public Liability insurance in place.

The Council's uses Cloud storage as well as a memory stick to back up its electronic data.

D. Precept and Budget

At the January 2022 Monthly Meeting a report was from the Council's Finance Working Group was circulated. It was agreed that the precept for 2022/23 was increased by 2% to £8,517.

The report from the finance working group on 6th January 2022 states that income and expenditure are expected to be similar to the previous year, however, as mentioned above, the budget prepared appears to only show expected expenditure.

The reserves are high for a council of Hartshorne Parish Council's size. This has resulted from the sale of land and the Council is using it for ongoing capital projects.

E. Expected Income

The precept received and witnessed on the bank statements agreed with the required precept identified in the budget process.

Other income such as allotment fees and interest were correctly accounted for and income was received during the year from use of the football pitches of £450.

The income on the current year's Accounting Statement is correctly stated and shown in the correct boxes.

F. Petty Cash

The Council does not use or hold petty cash.

G. Payroll

Hartshorne Parish Council make one payment to SDCVS each month and then SDCVS are responsible for processing and reporting the salaries as well as paying staff and HMRC.

An annual Employers Payment Report showing the salaries earned each month agreed with the amounts on the bank statement.

Members allowances for the year were agreed at £50 for the Chair and £25 for the Vice Chair at the full Council Meetings held on 9th May 2022. No payments however were paid during the year.

H. Asset Register

A new fixed asset register has been prepared during the year and updated with the new benches and notice boards. The goal posts should also be included on the register.

The asset register should also include when the items were purchased, or if an insurance value used the date of the insurance valuation, as well as the location of each asset.

I. Bank Reconciliations

The Council has 3 accounts a current account, a reserve account and a deposit with SDDC.

As mentioned previously the only bank reconciliation noted in the monthly minutes was in September.

A review of the income and expenditure was carried out and the cashbook totals were shown to agree to that reported on the bank reconciliations and the Accounting Statement.

It was noted that the deposit with SDDC did not accrue any interest during the year. Although from March 2023 interest of 1% below the Bank of England base lending rate, will accrue. The Council should investigate whether there are other investment opportunities paying a higher rate for these funds.

J. Accounting Statements

These are correctly prepared on an income and expenditure basis and agree to the cashbook.

K. Exemption from a Limited Assurance Review (2021/22)

Minute EO04/22 shows that the Council declared itself exempt from the requirement for a limited assurance review.

Sections 1 of the Annual Governance and Accountability Return (AGAR) was correctly approved and minuted before section 2 of the Return.

It was not noted however in the minutes that the internal audit report had been circulated prior to the approval of section 1 of the AGAR.

The 2021/22 Exemption Certificate is not currently published on the website.

L. Transparency

Under the Localism Act 2011 a list of Councillors, their responsibilities and pecuniary interests should be published on the Parish Council's website.

Smaller authorities must publish various documents on a publicly available website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. These include:

- Certificate of Exemption, page 3
- Annual Internal Audit Report 2021/22, page 4
- Section 1 – Annual Governance Statement 2021/22, page 5
- Section 2 – Accounting Statements 2021/22, page 6

- Analysis of variances
- Bank reconciliation
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015
- Items of expenditure over £100

These documents should remain on the Parish Council's website for at least 5 years.

Currently there is only one year's financial data published on the Council's website.

M. Correctly provided for the exercise of public rights

The Council correctly provided for the exercise of public rights for the year ended 31st March 2022.

Although the dates for the period of the exercise of public rights were included in the July minutes, it was already part way through the period. These dates should be minuted at the same time as approving the AGAR.

N. Complied with the publication requirements for the AGAR

The Council complied with the publication requirements for 2021/22, although the 4 preceding years should also be published on the website.

Summary

My inspection of the Council's records for the year ended 31st March 2023 found no areas of concern with regards to the Council's controls and procedures.

The accounts for 2022/23 were found to be accurate and contained no errors.

Gill Turner

G Turner Accountancy Services, Rockingham Lodge, Market Square, Tideswell, Derbyshire SK17 8LQ

10th May 2023