# Internal Audit

## Darrington Parish Council

Year Ending 31 March 2024

**Internal Auditor: Scott Currell Davis**

## Summary Checklist Report

**This internal audit report is based upon the Association of Local Councils recommended checklist, introduced in 2016, in conjunction with the Practitioners' Guide to Governance and Accountability in Local Authorities.**

# Darrington Parish Council Internal Audit Summary Checklist Report

For Year Ending: 31 March 2024

| | | | |
|---|---|---|---|
| Name of Council | Darrington Parish Council | Name of Clerk to the Council | Linda Thompson |
| No. Of Councillors | 9 | Name of RFO | Fiona Gray |
| Quorum | 3 | Precept (for audit year) | £16,500.68 |
| Electorate | 1,154 | Gross budgeted income | £1,700.00 |

| **1.** | **Book-Keeping** | | **Comments & Recommendations** |
|---|---|---|---|
| 1.1 | Are the accounts balanced and up to date? | Yes | The accounts are balanced to be up to date for the monthly Council meeting and are up to date to the financial year-end. |
| 1.2 | Arithmetic correct? | Yes | Ledger reconciled monthly |
| 1.3 | Evidence of internal control? | Yes | • Internal audit<br>• Budgetary control and monitoring<br>• Bank reconciliation review by Council<br>• Risk assessment policy, risk management scheme and risk assessments |
| 1.4 | VAT evidence, recording and reclaimed? | Yes | The Council can recover VAT through the Local Authorities and Similar Bodies Scheme. A claim for repayment of VAT is made annually. The last claim received in the year covered the period to 31/03/23. |
| 1.5 | Payments in the ledger supported by invoices, authorised & minuted? | Yes | See Detailed Schedule in Compliance Testing Report. All payments are authorised in monthly minutes. |
| 1.6 | Is S137 expenditure separately recorded and within statutory limits? | Yes | S137 expenditure is recorded separately in the cash book and is within statutory limits. |
| 1.7 | Is S137 expenditure of direct benefit to the electorate? | Yes | All S137 expenditure incurred in the current financial year was in respect of activities relevant to the parish |

| 2. | Due Process | | Comments & Recommendations |
|---|---|---|---|
| 2.1 | Standing Orders adopted since 2010? | Yes | The Council has had Standing Orders in place since 2015. There is no record of Standing Orders being in place prior to this date, however previous Councillors have confirmed that there were Standing Orders in place since the early 2000's. |
| 2.2 | Standing Orders reviewed at Annual Meeting? | Yes | Standing Orders were reviewed, updated and adopted by Council at the annual meeting of the Council on 11 May 2023 and were reviewed again at the annual meeting of the Council on 9 May 2024.<br>The Standing Orders align to NALC current best practice guidelines. |
| 2.3 | Financial Regulations adopted? | Yes | Yes - Financial Regulations were reviewed, updated and adopted by Council at the annual meeting of the Council on 11 May 2023. NALC introduced revised Financial Regulations during April 2024 and a customised version of these were reviewed and adopted by the Council at the annual meeting of the Council on 9 May 2024. |
| 2.4 | Financial Regulations properly tailored to Council? | Yes | Yes, the Financial Regulations were tailored by the RFO and these changes adopted by the Council. |
| 2.5 | Equal Opportunities policy adopted? | N/A | On investigation it was determined that this policy is only required for councils that have employees. As Darrington Parish Council does not have employees, this policy is not required. |
| 2.6 | RFO appointed? | Yes | Fiona Gray was appointed as Clerk to the Council on 27 July 2022, which included responsibility as the RFO. |
| 2.7 | List of member's interests held? | Yes | The Clerk maintains and updates the list of member's interest as required.<br>A link is available on the Wakefield Council website to the list of member's interest held at the Darrington Parish Council.<br>www.wakefield.gov.uk: Parish council – Darrington Parish Council |
| 2.8 | Agendas signed, informative and displayed with 3 clear days' notice? | Yes | The council meeting agenda is prepared and signed by the Proper Officer and is posted on the Council's website and parish council notice boards with 3 clear days' notice. |
| 2.9 | Purchase orders raised for all expenditure? | Yes | Financial Regulations determine how commitment to purchase is made (see 2.10). Most orders for goods and services are made by or confirmed by email and are approved by the Council prior to expended, except where the spend is less than £500 and cannot wait until the next Council meeting for approval. In these cases the RFO, Chair and Proper Officer each have delegated authority to spend up to £500 and retrospectively request approval at the Council meeting immediately thereafter. Furthermore, for control and compliance purposes each transaction is allocated a transaction reference which can also serve as the purchase order number and a remittance advice reflecting the transaction reference is sent to each recipient. A formal purchase order system is therefore not required to be implemented. |
| 2.10 | Purchasing authority defined in Financial Regulations? | Yes | The Financial Regulations stipulate that:<br>• Where possible estimates/quotes will be obtained for purchases exceeding £5,000. |

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| | | | • Under £500 can be authorised by the RFO, Chair and Proper Officer subject to budgetary provision. |
| 2.11 | Legal powers identified in minutes and/or ledger? | | No. Although policies are documented and decisions minuted, legal powers are not identified and minuted.<br>**RECOMMENDATION:**<br>**Identify and minute legal powers for each expenditure decision made.** |
| 2.12 | Committee terms of reference exist and have been reviewed? | N/A | No committees of council |

| 3. | Risk Management | | Comments & Recommendations |
|---|---|---|---|
| 3.1 | Does a scan of the minutes identify any unusual financial activity? | No | Minutes are prepared for all meetings of the Council, which meets 11 times per year.<br>No unusual financial activity was found in the minutes reviewed.<br>Council minutes are available to view on the Council's website. |
| 3.2 | Is an annual risk assessment carried out? | Yes | Yes, an annual risk assessment is carried out between February and March each year. |
| 3.3 | Is Insurance cover appropriate and adequate? | Yes | The level and range of insurance cover appears to be adequate for the size of the Council. |
| 3.4 | Evidence of annual insurance review? | Yes | The insurance is renewed annually on or shortly after 1st of May.<br>Insurance cover is currently placed with specialist brokers Arthur J Gallagher (AJG), who insure through Hiscox for liability insurance.<br>A 3-year Long Term Agreement (LTA) with AJG was taken out on 01/06/2022, which expires on 31/05/25. |
| 3.5 | Internal financial controls documented and evidenced? | Yes | A statement of internal control was adopted by the Council |
| 3.6 | Minutes initialled, each page identified and overall signed? | Yes | Minutes have been initialled on each page, as well as signed in full and dated on the first page. |
| 3.7 | Regular reporting and minuting of bank balances? | Yes | Bank balances are presented to Council at each meeting as part of the financial reporting and are minuted. |
| 3.8 | S137 expenditure minuted? | Yes | S137 expenditure is identified as such in the monthly payment summary for approval by the Council and is minuted on the same basis. Furthermore, expenditure does not exceed S137 statutory limits. |

| 4. | Budget | | Comments & Recommendations |
|---|---|---|---|
| 4.1 | Annual budget prepared to support precept? | Yes | A detailed budget is prepared annually by the RFO. |
| 4.2 | Has budget been discussed and adopted by Council? | Yes | The budget for the financial year being audited was reviewed and approved by the Council at its January 2024 meeting. |

| | | | |
|---|---|---|---|
| 4.3 | Any reserves earmarked? | No | There are no reserves earmarked at 31 March 2024. |
| 4.4 | Any unexplained variances from budget? | No | There are no unexplained variances from the budget. |
| 4.5 | Precept demand correctly minuted? | Yes | The approved precept demand was presented to the Council during its January 2024 meeting and the value of the precept demand was minuted. |

| 5. | **Payroll - Clerk** | | **Comments & Recommendations** |
|---|---|---|---|
| 5.1 | Contract of employment? | N/A | |
| 5.2 | Tax code issued/contracted out? | N/A | |
| 5.3 | PAYE/NI evidence? | N/A | |
| 5.4 | Has Council approved the salary paid? | N/A | |
| 5.5 | Other payments reasonable and approved by Council? | N/A | |

| 6. | **Payroll - Other** | | **Comments & Recommendations** |
|---|---|---|---|
| 6.1 | Contracts of employment? | N/A | |
| 6.2 | Does the Council have employers' liability cover? | N/A | |
| 6.3 | Tax code(s) issued? | N/A | |
| 6.4 | Minimum Wage paid? | N/A | |
| 6.5 | Disciplinary, Grievance & Complaints procedures in place? | N/A | |

| 7. | Asset Control | | Comments & Recommendations |
|---|---|---|---|
| 7.1 | Does the Council keep a register of all material assets owned? | Yes | The RFO is responsible for maintaining the manual asset register. |
| 7.2 | Is the asset register up to date? | Yes | The asset register is reviewed regularly and updated as required. The last update of the register took place at the 14 March 2024 meeting. |
| 7.3 | Value of individual assets included? | Yes | No minimum value is applicable for the assets listed on the asset register. No formal valuation has been undertaken. |
| 7.4 | Inspected for risk and health and safety? | Yes | An annual risk assessment was carried out in March 2024. |

| 8. | Bank Reconciliation | | Comments & Recommendations |
|---|---|---|---|
| 8.1 | Is there a bank reconciliation for each account? | Yes | Reconciliations are undertaken for the bank account held by the Council:<br>• Virgin Money (current) Account; bank statements received monthly. The main account for cheque payments and receipts. |
| 8.2 | Reconciliation carried out on receipt of statement? | Yes | The bank account is reconciled on receipt of statement. |
| 8.3 | Any unexplained balancing entries in any reconciliation? | No | All balancing entries fully explained. |
| 8.4 | Is the bank mandate up to date? | Yes | The bank mandate was updated and approved by the Council at the meeting held on 27 July 2022. An update to the mandate is currently in progress with the bank, to add an additional digital signatory (John Cox – Vice Chair).<br>This mandate currently authorises 3 Council members as signatories: Linda Thompson (Chair), Vera Stones (Proper Officer) and Fiona Gray (RFO). Once the update is complete the mandate will authorise 4 Council members in total.<br>The RFO is also recognised by the bank for administrative and communication purposes.<br>Any 2 of the nominated signatories are required to sign cheques.<br>The RFO is authorised to create and approve electronic payments, however each payment is required to be released by 1 of the other 2 Council members. This will change to 1 of the other 3 Council members on completion of the update.<br>All Council signatories on the bank mandate were still Council members at the end of the current financial year. |

| 9. | Year-End Procedures | | Comments & Recommendations |
|---|---|---|---|
| 9.1 | Year-end accounts prepared on correct accounting basis? | Yes | Day to day and year-end accounts are prepared on a Receipts and Payments basis. |
| 9.2 | Bank statements and ledger reconcile? | Yes | A full reconciliation of each bank statement to the corresponding account in the ledger as at 31st March 2024 was prepared and reviewed and approved by the Council. |
| 9.3 | Underlying financial trail from records to presented accounts? | Yes | The manual accounting system provides a satisfactory audit trail to the underlying financial records. |
| 9.4 | Where applicable, debtors and creditors properly recorded? | Yes | Although not required to be recorded in the Receipts and Payments Accounts (i.e.cash based accounts), no outstanding debtors or creditors were identified at the financial year-end. |
| 9.5 | Has Council agreed, signed and minuted sections 1 & 2 of the Annual Return? | Yes | Section 1-Annual Governance Statement to be signed by the Council chair at the next Council meeting on 13th June 2024.<br>Section 2-Accounting Statements to be presented to the Council for approval and signature by the Chair at the next Council meeting on 13th June 2024. |

| 10. | Miscellaneous | | Comments & Recommendations |
|---|---|---|---|
| 10.1 | Have points raised at the last internal audit been addressed? | Yes | No – Item 2.11 remains outstanding from the previous internal audit |
| 10.2 | Has the Council adopted a Code of Conduct since July 2012? | Yes | The Council adopted a Code of Conduct at the ordinary meeting held on 10 February 2022 and was reviewed by the Council at the annual meeting of the Council on 11 May 2023 and 9 May 2024. |
| 10.3 | Is eligibility for the General Power of Competence properly evidenced? | N/A | The Council is not eligible for this particular power. |
| 10.4 | Are all electronic files backed up? | Yes | All files are backed up to a GoogleDrive folder in the cloud. All Councillors have secure access to the GoogleDrive folder. The Council is currently investigating alternatives to GoogleDrive due to access issues.<br>**RECOMMENDATION:**<br>**Having gained an understanding of how the current Google Drive and e-mail accounts are set up, it would be worth considering current GDPR requirements and implementing more appropriate infrastructure, eg. Microsoft Office 365.** |
| 10.5 | Do arrangements for the public inspection of records exist? | Yes | Notice of audit displayed as per external audit instructions.<br>Outside of this period, inspection of records can be undertaken by prior appointment |

| **11.** | **Charities** | | **Comments & Recommendations** |
|---|---|---|---|
| 11.1 | Charities reported and accounted separately? | N/A | The Council does not currently act as trustee for any charity and is not responsible for managing any trust funds or assets |
| 11.2 | Have the accounts been separately audited? | N/A | |
| 11.3 | Have the accounts been filed within the legal time limits? | N/A | |
| 11.4 | Has the Annual Return been filed within the legal time limits? | N/A | |

| **12.** | **Burial Authorities** | | **Comments & Recommendations** |
|---|---|---|---|
| 12.1 | All money received corresponds with the number of burials/cremations recorded and memorial permits issued? | N/A | Darrington Parish Council does not own any burial land |
| 12.2 | Are fees levied in accordance with the Council's approved scale of fees and charges? | N/A | |
| 12.3 | Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly? | N/A | |
| 12.4 | Do all internment of ashes have a certificate of cremation? | N/A | |
| 12.5 | Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved? | N/A | |

| **13.** | **Income Controls** | | **Comments & Recommendations** |
|---|---|---|---|
| 13.1 | Is income properly recorded and promptly banked? | Yes | Receipts (acknowledgments) are issued for payments received, where applicable.<br>Cash and cheques are banked as soon as is practically possible.<br>Outside of the precept, bank interest and the VAT reclaim there is minimal other income. |
| 13.2 | Does the precept recorded agree to the Council Tax authority's notification? | Yes | The precept was received in a single instalment and recorded in the accounts during April 2023.<br>The total precept received for 2023/24 was £16,500.68 and this corresponds to the confirmation received from the Council |
| 13.3 | Are security controls over cash adequate and effective? | Yes | All cash is received by the RFO and is deposited within 24 hours of receipt. |

| 14. | Petty Cash | | Comments & Recommendations |
|---|---|---|---|
| 14.1 | Is all petty cash spent recorded and supported by VAT receipts where applicable? | N/A | Darrington Parish Council does not operate a petty cash account |
| 14.2 | Is petty cash expenditure reported to Council? | NA | |
| 14.3 | Is petty cash reimbursement carried out regularly? | N/A | |

| TRANSACTION SPOT CHECK | | | | | | |
|---|---|---|---|---|---|---|
| **Check No.** | 1 | 2 | 3 | 4 | 5 | 6 |
| **Transaction type** | Purchase invoice | Purchase invoice | Reimbursement | S137 Grant payment | Purchase invoice | PWLB Loan Repayment |
| **Supplier/Customer** | JJ Electrical Solutions | First Impressions | F. Gray (JRB Enterprise) | Yorkshire Air Ambulance | Nick Dyas | United Kingdom Debt Management Office |
| **Invoice/Transaction No.** | 36-2324 | 45-2324 | 22-2324 | 43-2324 | 17-2324 | 18-2324 |
| **Invoice/Transaction date** | 14.12.2023 | 11.01.2024 | 10.08.2023 | 14.12.2023 | 13.07.2023 | 13.07.2023 |
| **Goods/services supplied** | New armoured cable to Christmas tree bed | 19 Christmas Trees with lights and 17 plaques | Dog waste bags | Donation | Gardening maintenance | Repayment of loan for lamp posts |
| **Ledger date** | 14.12.2023 | 11.01.2024 | 10.08.2023 | 14.12.2023 | 13.07.2023 | 13.07.2023 |
| **Ledger Reference** | 36-2324 | 45-2324 | 22-2324 | 43-2324 | 17-2324 | 18-2324 |
| **Item/Budget heading** | Armoured cable | Christmas Trees | Dog waste bags | S137 | Maintenance | Loan payments – street lighting loan |
| **Ref/cheque No.** | 36-2324 | 45-2324 | 22-2324 | 43-2324 | 17-2324 | Direct debit |
| **Authorised by** | 2 x authorised signatories | 2 x authorised signatories | 2 x authorised signatories | 2 x authorised signatories | 2 x authorised signatories | Council meeting |
| **Order Minute Ref** | November 2023 | December 2023 | July 2023 | December 2023 | July 2023 | July 2023 |
| **Delivery evidence** | Cable installed | Christmas trees with lights & plaques | Dog waste bags | None | Cut grass in the village | Payments up to date |
| **Payment minute ref** | 36-2324 | 45-2324 | 22-2324 | 43-2324 | 17-2324 | 18-2324 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Insurance value** | TBC | n/a | n/a | n/a | n/a | n/a |
| **Payment value** | £1,380.00 | £2,671.80 | 297.60 | £250.00 | £160.00 | £1,104.17 |
| **O/S Statement value** | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £17,534.52 |
| **Timely payment** | Yes | Yes | Yes | Yes | Yes | Yes |
| **VAT recorded** | Yes | Yes | Yes | n/a | n/a | N/A |
| **S137 recorded in ledger** | n/a | n/a | n/a | Yes | n/a | N/A |
| **S137 minuted** | n/a | n/a | n/a | Yes | n/a | N/A |
| **Notes** | Has the Christmas tree armoured cable and box been added to the asset register and has it been added on the insurance policy? | Have the Christmas tree brackets and plaques been added to the asset register and insurance policy? | - | No evidence of receipt on file | - | Loan is for upgrade of the lamp posts – these do not belong to the Parish Council and therefore not insured by the Parish Council |
| **Pass** | √ | √ | √ | √ | √ | √ |

## Any further comments

The overall internal audit assurance rating remains as: **GOOD**

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|---|---|
| **Internal audit carried out by** | **(print)**<br>Scott Currell Davis |
| **Audit type (delete as appropriate)** | **ANNUAL** |
| **Date** | 04.06.2024 |

| For internal auditor's use only | |
|---|---|
| **Section 4 of Annual Return form completed and signed** | **Yes** |
| **Internal audit report sent to Council** | **Yes** |

| ANNUAL RETURN | Year Ending 31 March 2023 | Year Ending 31 March 2024 |
|---|---|---|
| 1. Balances brought forward | £20,633 | £20,464 |
| 2. Annual precept | £14,348 | £16,501 |
| 3. Total other receipts | £3,241 | £3,740 |
| 4. Staff costs | £0 | £0 |
| 5. Loan interest / capital repayments | £2,208 | £2,208 |
| 6. Total other payments | £17,328 | £16,520 |
| 7. Balances carried forward | £18,686 | £20,464 |
| 8. Total cash and investments | £18,686 | £20,464 |
| 9. Total fixed assets and long-term assets | £27,709 | £27,349 |
| 10. Total borrowings | £18,219 | £16,118 |
| Section 2 Annual Return figures completed and cross referenced? | | Yes |