Internal Audit

Darrington Parish Council

Year Ending 31 March 2023

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 2023

Name of Council	Darrington Parish Council	Name of Clerk to the Council	Linda Thompson
No. Of Councillors	8	Name of RFO	Fiona Gray
Quorum	3	Precept (for audit year)	£14,348.42
Electorate	627	Gross budgeted income	£2,800.00

1. Book-Keeping			**Comments & Recommendations**
1.1	e	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 • Budgetary control and monitoring • Bank reconciliation review by Council • 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. 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 ordinary meeting held on 13 October 2022. The Financial Regulations were again reviewed, updated and adopted by Council at the annual meeting of the Council on 11 May 2023.
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 on both occasions.
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. A link is available on the Wakefield Council website to the list of member's interest held at the Darrington Parish Council. 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 board 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 has delegated authority to spend 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. A formal purchase order system is therefore not required to be implemented. **RECOMMENDATION: Ensure that suppliers are provided with the Parish Council transaction reference / PO number either for adding to the invoice or for noting by the supplier post receipt of invoice**
2.10	Purchasing authority defined in Financial Regulations?		The Financial Regulations stipulate that:

		Yes	• Where possible estimates/quotes will be obtained for purchases exceeding £5,000. • Under £500 can be authorised by the RFO, 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. **RECOMMENDATION:** **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. No unusual financial activity was found in the minutes reviewed. Council minutes are available to view on the Council's website. Refer to final audit commentary in respect of months where meetings did not take place.
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. Insurance cover is currently placed with specialist brokers Arthur J Gallagher (AJG), who insure through Hiscox for liability insurance. 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, with the exception of page 6 of 08.12.2022 meeting. It must be noted that for the months from April 2022 to June 2022 the Council was inquorate and was therefore unable to carry out its functions, including holding monthly meetings. There are therefore no minutes for these months.
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 December 2022 meeting.
4.3	Any reserves earmarked?	No	There are no reserves earmarked at 31 March 2023.
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 2023 meeting and the value of the precept demand was minuted. It must be noted that the precept demand minuted in January 2023 was higher than the precept income received in April 2023 – this was due to a reduction in electors as a result of the removal of Wentbridge and Tumbling Hill from Darrington Parish in April 2023.

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. **RECOMMENDATION: For assets where a transaction reference / PO number can be traced, capture this next to each asset on the 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 May 2023 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 2023

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: • 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 and remains up to date. This mandate authorises 3 Council members as signatories: Linda Thompson, Vera Stones and Fiona Gray (RFO). The RFO is also recognised by the bank for administrative and communication purposes. Any 2 of the nominated signatories are required to sign cheques. 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. 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 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 8th June 2023. Section 2-Accounting Statements to be presented to the Council for approval and signature by the Chair at the next Council meeting on 8th June 2023.

10.	Miscellaneous		Comments & Recommendations
10.1	Have points raised at the last internal audit been addressed?	Yes	All actions have been addressed.
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.
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.
10.5	Do arrangements for the public inspection of records exist?	Yes	Notice of audit displayed as per external audit instructions. 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. Cash and cheques are banked as soon as is practically possible. 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 2022. The total precept received for 2022/23 was £14,348.42, however it must be noted that the confirmation of approval of precept demand is not on file. The 2023/24 confirmation is recorded for the current year.
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	S137 Grant payment	PWLB Loan Repayment
Supplier/Customer	First Impressions	PontyVA 925	V. Stones (Supplier was Hungry Horse & Aldi)	JJ Electrical Solutions Ltd	PCC Darrington	United Kingdom Debt Management Office
Invoice/Transaction No.	1044	PVA-0008 & PVA-0010	43-2223	158	MT2201	23-2223
Invoice/Transaction date	19.01.2022	30.04.2022 & 31.05.2022	08.12.2022	03.02.2023	04.04.2022	28.07.2022
Goods/services supplied	Summer hanging baskets and planters	Admin services	Thank-you gift to Brotherhood for donated tree & refreshments for volunteers	Delivery of lighting at Darrington Reading Rooms	Maintenance of church clock	Repayment of loan for lamp posts
Ledger date	14.04.2022	27.07.2022	08.12.2022	09.02.2023	14.04.2022	27.07.2022
Ledger Reference	01-2223	18-2223 & 19-2223	43-2223	54-2223	05-2223	23-2223
Item/Budget heading	Summer Lamp posts / Summer Planters	Social Media, email management, website	Christmas Trees & Lights	S137	S137	Loan payments – street lighting loan
Ref/cheque No.	Cheque 920	Cheque 968	TRF	TRF	Cheque 924	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	n/a	n/a	n/a	n/a	n/a	n/a
Delivery evidence	Flowers planted	Service delivered	Christmas Tree	Light installed	Working church clock	Payments up to date
Payment minute ref	14.04.2022	27.07.2022	08.12.2022	09.02.2023	14.04.2022	27.07.2022
Insurance value	n/a	n/a	n/a	n/a	n/a	n/a

Payment value	£3,322.37	£300.00 & £300.00	£21.04 & £29.98	£264.84	£104.00	£1,104.17
O/S Statement value	£0.00	£0.00	£0.00	£0.00	£0.00	£18,887.56
Timely payment	Yes	*Timely	Yes	Yes	Yes	Yes
VAT recorded	Yes	N/A – not VAT registered	Yes	Yes	N/A	N/A
S137 recorded in ledger	n/a	N/A	N/A	Yes	Yes	N/A
S137 minuted	n/a	N/A	N/A	Yes	Yes	N/A
Notes	Largest payment for the budget period	*Delayed due to council being inquorate and not authorised to approve payment until quorate. Agreed with supplier	-	-	-	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

Due to unintentional circumstances, the council found itself inquorate for the period from May 2022 to the July 2022 council meeting. Wakefield Council was approached to intervene and applied to the Secretary of State for 3 Wakefield Councillors to be appointed to Darrington Parish Council in order for the council to be quorate for the July meeting. At the July meeting Fiona Gray and Trish Hirst were co-opted onto the council and the 3 Wakefield Councillors stepped down as the Parish Council was once again quorate.

During the July 2022 meeting all payments that had been required to be made during the inquorate months (May, June and up to the July meeting) were retrospectively approved by the Council.

It would be beneficial to better understand the position of the Council with respect to its obligation to maintain the church clock – an asset which does not belong to the Council. Is this due to a long-standing “gentlemen’s agreement” to do so? If so, this should be better documented. Furthermore, in the event of the clock potentially falling and injuring a person or damaging property, would this be the church’s or the Council’s liability?

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

For Year Ending: 31 March 2023

Internal audit carried out by	**(print)** Scott Currell Davis
Audit type (delete as appropriate)	**ANNUAL**
Date	03.06.2023

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 2022	Year Ending 31 March 2023
1. Balances brought forward	£34,382	£20,633
2. Annual precept	£13,044	£14,348
3. Total other receipts	£792	£3,241
4. Staff costs	£0	£0
5. Loan interest / capital repayments	£2,208	£2,208
6. Total other payments	£25,377	£17,328
7. Balances carried forward	£20,633	£18,686
8. Total cash and investments	£20,633	£18,686
9. Total fixed assets and long-term assets	£32,150	£27,709
10. Total borrowings	£18,888	£18,219
Section 2 Annual Return figures completed and cross referenced?		Yes