Darrington Parish Council Internal Audit Report

Completed by Scott Currell Davis, 3 June 2023

Introduction

The purpose of this report is to fulfil the requirements of an internal audit of the financial accounts for Financial Year 22/23 and to ensure that:

- Appropriate accounting records have been kept
- Council's financial regulations have been met
- Council assessed the significant risks
- Budget and forecasting was completed
- All payments were properly supported by receipts
- Account reconciliations were properly carried out

This report will follow the same format of the 21/22 report. During 2022/23 there were 61 items of expenditure, which can be tracked through the accounts to demonstrate whether there is a governance process in place.

This process consists of the expenditure being approved during the monthly Parish Council Meetings and captured within minutes subsequently signed by the Chair to demonstrate the approval of the transactions. There is subsequently the ability to track the expenditure through the accounts via cheque stubs, bank statements and bank account monthly summaries.

Following this the monthly summary of accounts are presented at each Parish Council Meeting, which then reviews the budget, actuals and forecast for the remaining financial year.

Audit Sample

To determine whether the above process has been adapted, a sample of 6 random transactions was selected for audit.

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	√	√	√	√	√	√

Following the audit of the sample transactions it can also be demonstrated that each month there are summaries of account, budgets and forecasting information which are filed with the monthly minutes, even where monthly minutes were not available.

There is also evidence that the VAT return for 21/22 was submitted and this value was recognised within the income for the Financial Year.

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.

Recommendations

Whilst there are no significant areas of concern, it is recommended that the Council considers implementing some or all of the below suggestions to ensure that it remains up to date with current governance policies and procedures:

1. 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. Identify and minute legal powers for each expenditure decision made.
3. For assets where a transaction reference / PO number can be traced, capture this next to each asset on the asset register.

Conclusion

In conclusion to this audit, it is clear that there is a fully auditable process in place which is managed by the Responsible Financial Officer and relevant governance is in place to ensure that all transactions are approved and accounted for accordingly.

Signed: ....

Dated: ....03/06/2023..