Darrington Parish Council Internal Audit Report

Completed by Scott Currell Davis, 5 September 2022

Introduction

The purpose of this report is to fulfil the requirements of an internal audit of the financial accounts for Financial Year 21/22 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 20/21 report. During 201/22 there were 74 items of expenditure, which can be tracked through the accounts to demonstrate whether there is a governance process in place.

As outlined by the Clerk, this process consists of the expenditure being approved during the monthly Parish Council Meetings, 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	Loan repayment	Purchase invoice	S137 Grant payment	Expenditure Reimbursement
Supplier/ Customer	Pink Spaghetti	First Impressions	PWLB Lending Facility	Street Master	Darrington C.E. Primary School	PM Stainer
Invoice/ Transaction No.	0051	1019	No invoice no.	8540	No invoice no.	No invoice no.
Invoice/ Transaction date	05/07/15	06.11.2021	31.12.2021	28.07.2021	23.05.2021	17.06.2021
Goods/Services Supplied	Clerk duties	Winter flower beds & planters	Loan repayment for lamp posts	Village Benches	Reflective Area	Postage
Ledger date	10.02.2022	06.11.2021	13.01.2022	21.06.2021	20.05.2021	17.06.2021
Ledger Reference	67-2122	52-2122	62-2122	07-2122	14-2122	15-2122
Item/Budget heading	Operating Expense	Maintenance	Asset	Asset	S137	Operating Expense
Ref/Cheque No.	913	897	DD Public Works Loans	853	860	861
Authorised by	2*authorised signatures	2 x authorised signatories	2 x authorised signatories	2 x authorised signatories	2 x authorised signatories	2 x authorised signatories
Order Minute Ref	n/a	n/a	n/a	n/a	n/a	n/a
Delivery Evidence	Provision of service	Visual check	Visual check	Asset in place	Visual check	Submission of AGAR
Payment Minute Ref	67-2122	52-2122	62-2122	07-2122	14-2122	15-2122

Insurance Value	n/a	n/a	£0.00	£9,513.60	n/a	n/a
Payment Value	£582.00	£1,340.40	£1,104.17	£9,513.60	£1,000.00	£6.85
O/S Statement Value	£0.00	£0.00	£19,541.30	£0.00	£0.00	£0.00
Timely Payment	✓	✓	✓	✓	✓	✓
VAT Recorded	n/a (not registered for VAT)	Yes	n/a	Yes	n/a	n/a
S137 Recorded in Ledger	n/a	n/a	n/a	n/a	Yes	n/a
S137 Minuted	n/a	n/a	n/a	n/a	Yes	n/a
Notes					Signed minutes not on file	
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 20/21 was submitted and this value was recognised within the income for the Financial Year.

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. Adopt and implement a Risk assessment policy / Risk Management Schedule.
2. Update and adopt the Financial Regulations to align to NALC current best practice.
3. Introduce an Equal Opportunities policy and implement accordingly.
4. Update members interest forms for Linda Thompson and Vera Stones to current format.
5. Adopt and implement a purchase order system.
6. Investigate whether the lamp posts are owned by DPC or Wakefield Council, and should be insured.
7. Adopt and implement a Statement of Internal Control.
8. Each page of the minutes, of all Council meetings, is initialled and signed by the meeting chair, and filed by the RFO.
9. Correctly minute the value of the precept demand.
10. To review the asset register and include any unlisted items.
11. To formalise the asset register to allocated purchase orders.
12. To align insurance of the assets to the asset register – consider valuation of assets.
13. Give access to the OneDrive folder to all members of the council.

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: .... SCOTT C DAVIS ....

Dated: .... 05/09/2022 ....