

## RAVENFIELD PARISH COUNCIL

### INTERNAL AUDIT REPORT 2019/2020 FINANCIAL YEAR

- 1 I have completed an audit of the internal controls of Ravenfield Parish Council in respect of the financial year ended 31st March 2020. Having completed the audit, I have been able to sign the Annual Report by the Internal Auditor in accordance with the requirements of the Local Audit and Accountability Act 2014 (The Accounts and Audit Regulations 2015) and in so doing have noted that the Council conducts its affairs in a sound manner.
  
2. In carrying out the audit I have followed the suggested approach to Internal Audit Testing as defined by the National Audit Office and can confirm that I have acted independently in carrying out the Audit.
  
3. Internal Control 1 - Proper Book-keeping
  - (a) Is the cashbook (receipts and payments) maintained and up to date?

Yes. The Accounts continue to be kept in good order throughout the year with a good system of cross-referencing.
  - (b) Is the cash book arithmetic correct?

Yes. An arithmetical check has been carried out in accordance with the recommendations of audit practice.
  
4. Internal Control 2 - Standing Orders, Financial Regulations and Payment Controls
  - (a) Has the Council formally adopted Standing Orders and Financial Regulations?

Yes. The Parish Council continues to operate based on a comprehensive set of Standing Orders and Financial Regulations. These documents are reviewed on a regular basis.
  - (b) Has a Responsible Financial Officer been appointed with specified duties?

Yes, the Clerk is also fulfilling the role of Responsible Financial Officer and there is reference to the R.F.O.'s specific duties in the Financial Regulations.
  - (c) Have items or services above a de-minimis amount been competitively purchased?

Yes. There is no evidence to suggest that the Council is not achieving good value for money from its contracts for the supply of goods or materials, or for the execution of works.
  - (d) Are payments in the cashbook supported by invoices, authorised and minuted?

Following a complete review of the financial records it is evident that payments are supported by invoices, authorised and are recorded in the minutes of meetings appropriately.

The 'Receipts and Payments' book is kept up-to-date. Cheques which are issued are recorded when cashed, so that the Clerk can regularly, by contacting the bank, know exactly the amounts in the bank and also the cheques issued but not yet presented.

- (e) Has VAT on payments been identified, recorded and reclaimed?

Yes. As part of this internal audit, the VAT on payments has been identified and recorded correctly in all cases. It is also appropriate to note that the claims for VAT repayment continue to be made in a very good, accurate and timely manner.

- (f) The Parish elections scheduled to take place in May 2020 have been delayed until May 2021 because of the Coronavirus (Covid-19) pandemic. Responding to last year's internal audit recommendation, the Parish Council has made budget provision to fund the cost of these elections.

- (g) During the financial year, the Parish Council obtained the necessary consent to increase its level of borrowing in order to fund an extension to the Parish Hall.

- (h) Is Section 137 expenditure separately recorded and within statutory limits?

There is a good process for separately recording Section 137 expenditure. The overall total amount of S137 expenditure remains within the statutory limits. The Parish Council has used this legislation to contribute to the funding of church clock repairs and for the provision of a new war memorial in the village. A recommendation is to be made concerning these two projects and the use of the spending powers afforded by Section 137 of the Local Government Act 1972.

## 5. Bank Account

The Parish Council now has an account with the HSBC bank. Effort continues to be made to ensure that the signatories to the bank account are up-to-date and that all of the Councillors are authorised signatories. It was noted during audit that there have been issues during the year with the HSBC bank which the Parish Council is striving to resolve.

## 6. Wages

Appropriate records are maintained for each employee. The correct amounts have been paid, including payments to HM Revenues and Customs. As part of this internal audit, these amounts have been checked and have been found to be correct. There continues to be the 'real time', immediate reporting of wages payments, as required by HM Revenues and Customs.

## 7. Financial Year End

A Statement of Accounts is produced for the External Auditor, which shows last year's figures (2018/19), as well as this year's (2019/20). A summary is also produced, recording the Parish Council's bank accounts and the individual balances at the end of the financial year.

8. Risk Management Arrangement

The carrying out of an annual risk assessment is part of the arrangements for Corporate Governance and appropriate records are kept and reviews undertaken.

It is evident that insurance cover is reviewed on an annual basis and the insurance policy is kept up to date.

9. Governance (Parish Council Meetings)

The minutes of each Parish Council meeting correctly record the attendance of Councillors as required by Schedule 12 of the Local Government Act 1972. The minutes must also record the person who sits as Chair of each meeting and any change of Chair occurring during a meeting must also be recorded. This aspect is important as the Chair has a specific power, in the event of an equality of votes on a matter, to determine the outcome by use of a second or casting vote. The Chair also has specific powers concerning the conduct of a meeting.

10. Recommendations

a) The Parish Council has taken advice (via YLCA) in respect of its decisions to provide grant funding (Section 137) for church clock repairs and for the provision of a new war memorial in the village. The internal audit process simply reiterates the advice already given confirming the absolute need for the Parish Council to be certain as to the legislative powers prior to making decisions on items of expenditure and whenever there is uncertainty, to continue to seek the necessary advice in a timely manner.

b) The minutes of each Parish Council must include the name of the Councillor who is Chair of the meeting. Any subsequent change of Chair occurring during the meeting must also be recorded.

10. Conclusion

I would like to thank the Parish Clerk for her help and co-operation with the Audit. There are no specific items on which I wish to submit a special report.

Richard Bellamy  
Internal Auditor  
8th June 2020