

## RAVENFIELD PARISH COUNCIL

### INTERNAL AUDIT REPORT 2020/2021 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 2021. 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 income received by the Parish Council from the various groups which hire the Parish Hall has been reduced significantly during the 2020/2021 financial year, in comparison to previous financial years, because of the Coronavirus (Covid-19) pandemic. At the time of writing, the limitations imposed by HM Government (including social distancing and prohibitions on people gathering in large numbers, especially indoors) are continuing during the 2021/22 financial year and will have a further negative impact upon the Parish Council's Hall rental income.

- (g) HM Government has introduced the Revised Local Restrictions Support Grant Scheme (for businesses required to close during the Coronavirus pandemic) and these grants have been made available to local councils via the Borough Council. The eligibility criteria for these grants include a requirement for the subject premises to be registered for business rates. The Parish Council has received these grants during the 2020/21 financial year, although the Borough Council is seeking to correct an inadvertent overpayment by asking the Parish Council to repay a proportion of the total grant sum. A recommendation is to be made that the Parish Council should continue in its endeavour to obtain an explanation from the Borough Council about the precise calculations of (i) the grant amounts and (ii) the amount of grant which the Borough Council is asking to be repaid.

- (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.

## 5. Bank Account

The Parish Council 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. The Parish Council should endeavour to resolve this issue as the new membership begins its term of office after the elections of 06 May 2021.

Town and Parish Councils are making increasing use of online (Internet) banking. Local councils must always have regard to the relevant legislative provisions about finance (eg: Section 150(5) of the Local Government Act 1972, requiring cheques for the payment of Parish Council funds to be signed by two elected members). The advantages in using online banking include secure and faster financial transactions, for both receipts and payments, as well as the facility for up-to-date and accurate financial monitoring. An online system need not replace and would be in addition to the more traditional methods of financial management, including elected members inspecting paper documents at council and committee meetings. A recommendation is to be made that the Parish Council consider the use of online banking.

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 (2019/20), as well as this year's (2020/21). 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. In this context, the Parish Council is actively considering the transfer of its insurance policy to an alternative provider.

9. Recommendations

a) The Parish Council should continue in its endeavour to obtain an explanation from the Borough Council about the precise calculations of (i) the grant amounts and (ii) the amount of grant which the Borough Council is asking to be repaid, in respect of the Revised Local Restrictions Support Grant Scheme.

b) The Parish Council should consider the advantages to be gained from the use of online banking, as well as the practical implications for financial management.

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 May 2021