

RAVENFIELD PARISH COUNCIL

INTERNAL AUDIT REPORT 2022/2023 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 2023. 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. The Parish Council is now using a system of online (Internet) banking with the Unity Bank, enabling online payments and receipts and more detailed monitoring of the accounts. Very few payments are now made by cheque.

(e) Reimbursement of Employees making purchases on behalf of the Parish Council

The internal audit revealed that several items (eg: cleaning and other janitorial items for use in the Parish Hall) are being purchased by employees, using their own money, on behalf of the Parish Council. The employees subsequently receive reimbursement from the Parish Council's funds. The amounts recorded in the accounts were several hundred pounds in respect of each employee. Although there is an element of convenience in this arrangement, especially with the purchase of small amounts of goods at low cost, the recommendation is that the Parish Council should avoid this method of purchase and reimbursement. This method does impose an additional burden upon employees and is certain to be questioned in the event of a VAT inspection of the Parish Council's financial records.

(f) 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.

(g) 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 now operates its account with the Unity Bank, the former account with the HSBC having been closed.

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 (2021/22), as well as this year's (2022/23). 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. Declarations of Interests at Council Meetings (Elected Members)

At one meeting of the Parish Council (July 2022), an elected member declared an interest in a matter which was included on the agenda for that meeting. When declaring their interests at meetings, elected members must be aware of the requirements of the National Code of Local Government Conduct. The Code details the nature of interests, which are categorised as personal and/or prejudicial.

The basis for declaring interests, in accordance with the Code of Conduct, is that an elected member who may ultimately benefit or gain in some way (if the Parish Council makes a specific decision) should not be able to influence the other elected members when they are making that decision. It is usually preferable for the elected member both to declare the interest and leave the meeting room whilst the Parish Council considers that item and makes a decision. However, leaving the meeting room is not an absolute requirement in every case.

The minutes of the meeting must state (i) the name of the elected member who is declaring the interest, (ii) the agenda item to which the interest applies and also (iii) the precise nature of the interest (and whether the member leaves the room).

10. Recommendations

a) The Parish Council should put in place arrangements which minimise or remove altogether the method of requiring employees to purchase items with their own money and at a later date being reimbursed from Parish Council funds.

b) The Elected Members of the Parish Council must declare interests at meetings in accordance with the requirements of the National Code of Local Government Conduct and the minutes of meetings must record the full details of those declarations.

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
2nd May 2023