

YEAR END REPORT BY THE INTERNAL AUDITOR – FOR ALSTON MOOR PARISH COUNCIL FINANCIAL YEAR ENDING 31 MARCH 2022

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ANNUAL INTERNAL AUDIT REPORT FOR ALSTON MOOR PARISH COUNCIL FOR THE YEAR ENDED 31ST MARCH 2022

I confirm that I have on 17th May 2022, undertaken an Internal Audit for the Year ended 31st March 2022 in accordance with the Account and Audit Regulations (2015) as outlined in the Audit Plan approved by Council. This incorporates new requirements outlined in the "Joint Panel on Accountability and Governance", Practitioners' Guide (NALC) March 2022.

All documents, source data and accounting records were provided to me via e-mail and in person by the Clerk, who was extremely helpful in providing any further information as required. I referred to the Council Website to confirm compliance with other statutory obligations. This Report complements the half-yearly Audit Report (November 2021) covering 1st April to 31st October 2021 (<https://alstonmoor.org/wp-content/uploads/2021/12/Internal-AUDIT-NOV.-2021.pdf>).

I have checked through the following areas in my Report, with my findings as follows:

1. Proper Bookkeeping

A clear audit trail exists from all primary accounts, which are in Excel. The manual transitions provide a clear audit trail to fulfil the format required by the Account and Audit Regulations. All records are checked monthly, and, except for a few minor discrepancies, accounting records are accurate. Robust backup procedures safeguard computer records.

2. Standing Orders/Financial Regulations/Policy Documents

The Standing Orders were last updated in December 2020. Statutory regulations and Policy documents were reviewed in the current Financial Year and include all new legislation. However, some Policy Documents have not been updated since 2018. The Parish Council uses a model Standing Order policy.

3. Invoice procedure/ Audit Trail

A random check was made of invoices paid in the period. All comply with Financial Regulations and adhere to the principle of Best Value. A clear Audit Trail enables verification of the accuracy of all source documents and accounts.

4. Bank Reconciliation

The Cash accounts are reconciled to bank-statements monthly and they accurately show the Financial Position of the Council. A Member validates the reconciliations with a signature on bank-statements every month.

5. VAT

The correct VAT to reclaim of £1,244.76 has been identified for 2021-2022. VAT Returns have been submitted and VAT claimed for £293.80 for the part of the year up to 31st July 2021. The Clerk will submit the VAT return to 31st March 2022 to claim the remaining £950.56.

6. Cash Balances at the Bank/ Investment Strategy

The balances in the bank-accounts as of 31st March 2022, which total £106,344.66 (allowing for uncleared cheques), they are considered adequate to enable the Council to meet budgeted expenditure and to retain sufficient reserves for contingencies. Some reserves are clearly earmarked for specific projects. Total reserves have exceeded £100,000 for most of 2021-22, so the Council will adopt an Investment Strategy (as required by Section 15.1 (a) of the Local Government Finance Act (2003)). Thus, the Council has decided to put surplus funds into appropriate savings bank-accounts during the 7th March 2022 Meeting (Item 15 in the Minutes).

7. Internal Financial Controls/ Tendering Process

The Financial Management system remains robust and fulfils all reporting requirements. Council expenditure is charged to the main bank account via cheque, debit card or direct debit. All items of expenditure are cleared with the Council at each Meeting before payments are made and recorded under the appropriate allocation in the Accounts. Each cheque needs two Member signatures before being issued.

The Tendering process is robust though sometimes there are tenders from only two contractors, not three (as per Financial Regulations Sec. 11.1.(h)). This is because the very rural area around Alston Moor means there's a limited number of businesses. This sometimes makes it impractical to obtain three tenders.

8. Security of Public Funds and Employees

The Debit Card and Cheque book are stored securely in the Parish Council office. However, the Parish Clerk often works alone in the office and when banking cheques or making card payments.

9. Risk Management/ Assets Risk Assessment

The Risk Assessment and Assets Risk Assessment documents were reviewed and updated in March 2022; these are fairly comprehensive. These were both ratified by the Council on 7th March 2022 (Item 11 in Minutes).

10. Insurance

The Insurance cover with Zurich Municipal of £3,133.49 for the year, also covering the Town Hall (the Council's specific contribution being £551.97) is very comprehensive, covering loss through theft, fire, storm damage and also Employers' Liability is very comprehensive. For the Council £551.97 is good value for money for the year.

11. Precept/ Budgetary Control

The Precept for 2021-22 was discussed and agreed by the Council at the Precept Meeting on 11th January 2021. The budget is monitored monthly, expenditure is checked against the Precept on a regular basis by the Council. This enables any cost-overruns to be dealt with quickly.

12. Variances

The Variances have been calculated and satisfactory explanations for these are given. There was a £18,088.11 drop in total expenditure from 2020-21 to 2021-22 because of one-off expenditures in 2020-21 not repeated in 2021-22, staff no longer employed in 2021-22 and less expenditure on tree works. However, VAT of £506.02 was missed off the formula calculating total for "Other Expenditure" for 2020-21. The total Variance change listed here is calculated allowing for this VAT omission from the 2020-21

13. General Power of Competence/Section 137 Spending.

The Parish Council retains General Power of Confidence. Spending classified as Section 137 has been listed together with General Power of Competence spending in the Accounts. The total of these items of spending was £231.50 during 2021-2022.

14. Debtors/ Income Controls

A record is kept of debtors who owe money to the Parish Council and accounts outstanding are presented at each monthly Council Meeting. Reminders are sent out on a regular basis for late-payers. All income is promptly banked upon receipt. No cash is kept on Council premises.

15. Payroll Controls

The Payroll is completed on time and competently by a very experienced Accountant. The Clerk's net pay, PAYE Tax and National Insurance and Pension contributions have all been calculated correctly on pay-slips. All Payroll transactions have all been recorded accurately in the general Accounts.

16. Employment Contracts and Pay

The Parish Clerk is paid according to her Pay-grade (as per NALC guidelines) and her Employment Contract has recently been updated and approved by the Council. The Parish Clerk was paid at the 2020-21 Pay-scale during 2021-22, but new NALC pay rates apply (retrospective) from 1st April 2021 (<https://www.slcc.co.uk/site/wp-content/uploads/2022/03/E01-22-national-salary-award-2021-22.pdf>).

17. Asset Register

The Asset Register is updated to 31 March 2022. The value of Assets totalling £12,303 was recorded in the Annual Governance and Accountability Return (AGAR) covering the Year ended 31 March 2022, which was correct for the AGAR. This was also the total value of assets recorded in the updated Asset Register.

18. Transparency Legislation/ Website

The Parish Council Website complies with all Transparency Code legislation. It fully informs the Public of the prudent spend of Public monies, by publishing all required data. Archive Minutes to Council Meetings between 2016 and 2019 have yet to be restored following a Website crash in August 2020. Most of the work up-dating links and information on the Website has been done by the Parish Clerk, so it has taken time.

19. Registers of Interest

Copies of all documentation are retained on file and Members fulfil their obligation to advise and declare these as appropriate. There is a requirement for the District Council to publish Members Declarations of Interest and the council will provide a link if this information is available.

20. Annual Governance and Accountability Return (AGAR) 2020-2021

This was completed, correct, and approved by AMPC on 28th June 2021 (Item 7.b, Minutes of 28th June 2021 Meeting). However, I also note that in the Minutes of the meeting it refers to approving the Annual Governance Statement for 2021-2022 and the Annual Accounting Statement for 2021-2022 as being accepted, not those for 2020-2021.

21. Notice of Public Rights

The Parish Council complied with all requirements with regard to the Local Audit and Accountability Act (2014) Sections 26 and 27 and The Accounts and Audit Regulations (2015) (SI 2015/234). The Notice of Public Rights for 2022 is already on the Website, in addition to that for 2021. With regards to the section on the Rights to Inspect

Accounting records, I will add that the Parish Clerk (who is the RFO) has always been extremely helpful in providing any and all documentation and accounts that I have needed to check.

22. Alston Moor Parish Council: Trustee Obligations.

The Parish Council fulfils its legal obligations as Trustee of Alston Town Hall (Charity No. 222767), Members of the Council also fulfill their obligations as Trustees of Fairhill Estates Charity (Charity No. 215649). For both Charities, Accounts and Annual Returns (and for Alston Town Hall, the TAR) are up-to-date on the Charity Commission Website. Internal Financial Controls for both Charities are robust: For instance, at least two Trustees required to sign cheques issued from the Fairhill Estates bank-account as-per the bank-mandate.

Recommendations and Conclusions

I can confirm that Alston Moor Parish Council is fully compliant with all Account and Audit Regulations, Transparency legislation and other legal requirements. The Parish Council has a robust system of accurately recording, checking, and dispensing Public funds. Where I have raised matters in my Reports, these have usually been dealt with quickly by the Clerk (who is the RFO).

There are, however, a couple minor errors. Some information lost from the Website after the Website-crash in August 2020 is also yet to be replaced. From my liaison with the Clerk, it is clear to me that these issues could be rectified by additional assistance for the Clerk as she needs. The Clerk should be allocated extra time to update the website

In concluding the Annual Internal Audit for 2021-2022 I thank the Clerk for providing the meticulous records and for going out of her way to provide all the other information, as required, to complete my Audit.

A handwritten signature in black ink that reads "IAPennell". The signature is written in a cursive style with a horizontal line underneath the name.

Ian Pennell- Internal Auditor 17th May 2022