

Mrs Anne E. Barnes FSLCC
Internal Auditor
79 Caistor Lane
Caistor St Edmund
Norwich
NR14 8RB



July 19, 2020

Mrs S. Bunn

Clerk to Tacolneston Parish Council

Tahuti Mai

Bunwell Street

Bunwell

Norwich NR16 1SH

Dear Chairman and Councillors,

Internal Audit Report to Tacolneston Parish Council for Year Ended 31 March 2020

For the Attention of the Council,

A. Appropriate accounting records have been kept properly throughout the year.

I have inspected the Council's records to 31st March 2020. I have examined your cashbook and found it to be well maintained and up to date, correct and regularly balanced. I have also examined your invoices, cheque books, paying-in books, bank statements and compared these to your Receipts and Payments account and your accounts in the Minute Book.

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

I have examined your invoices as presented to me and note that they have been approved by the Council and VAT was properly accounted for.

****There has been no VAT claim during 2018/19 or 2019/20. Ensure that a VAT claim is submitted for the two financial years as soon as possible.**

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Standing Orders and Financial Regulations adopted and Applied

I note that your Standing Orders were reviewed and amended in March 2020. Standing Orders requires Tenders for goods and services over £60,000. The Financial Regulations states that tenders are required for items over £70,778. These two documents should state the same amount for tenders.

****Your Standing Orders and Financial Regulations should be reviewed and amended so that they state the same amounts for Tenders.**

Risk Management Arrangements

I have seen your Risk Assessments and Financial Risk Assessments adopted in March 2020. I note your Internal Control Policy.

I note that you have an Internal Control Officer and that all cheques are signed by two councillors and all invoices are authorised before payment.

Bank Accounts

****I note from the Minutes dated 19 September 2018 that the Nationwide account was to be closed and the balance transferred to the Barclays current account. There is no record that this transaction has taken place. Please ensure the Nationwide account is closed as soon as possible or an explanation is Minuted stating why this has not been done.**

Insurance

I note the Council's insurance with Came & Co – AXA. The Policy runs from 1st June 2019 to 31st May 2020.

D. The Precept or Rates requirement resulted from an adequate budgetary process; progress against the Budget was regularly monitored; and reserves were appropriate.

I have had sight of the Budget for 2019/20 and Budget 2020/21. The Precept was agreed through a budgetary process.

Section 137

Section 137 Expenditure has been separately recorded in the cashbook and is within your statutory limits. There is Section 137 expenditure of £50 recorded in 2019/20.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Income Controls

I note that all income is recorded and banked properly, and the Precept agrees with the Parish Council's notification to the Council Tax authority. The Parish Council has very few cash transactions and adequate controls are in place to minimise any loss.

VAT Payments Controls

I confirm that all VAT expenditure has been recorded separately and have recommended the VAT for 2018/19 and 2019/20 will be reclaimed during 2020/21.

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

Petty Cash Procedures

I note that the Parish Council does not operate a petty cash system.

- G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.**

Payroll Controls

I have not examined the PAYE records for the Clerk as she claims she was self-employed. Parish Clerk's cannot be self-employed, and PAYE must be operated on the Clerk's Salary. **The Clerk will need a Contract of Employment and a Job Description.**

****The Council must ensure that PAYE is properly operated in respect of the Parish Clerk.**

- H. Asset and investments registers were complete and accurate and properly maintained.**

Asset Controls

I have examined the Council's Asset Register which is complete and accurate and has been properly maintained.

- I. Periodic and year-end bank account reconciliations were properly carried out.**

Bank Reconciliation

I have examined the Bank Statements and the Receipts and Payments Book and confirm that there is a Bank Reconciliation for each account. The reconciliation is now carried out monthly on the spreadsheet and explanations entered for any un-reconciled amounts or outstanding cheques. The total value of the investments is summarised on the reconciliation as presented to the Council.

- J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.**

Year-End Procedures

I can confirm that the year-end accounts are prepared on a Receipts and Payments basis and that the accounts agree with the cashbook with an appropriate and adequate audit trail.

- K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "Not covered")**

The authority did not declare itself exempt in 2018/19 or 2019/20 as it required a limited assurance review.

- L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.**

The Council correctly published the public rights on their website.

M. (For Local Councils Only)

Trust Funds (including charitable) – The Council met its responsibilities as a Trustee.

The Parish Council is sole-managing trustee of the Tacolneston and Forncett Recreation Association. Matters involving the Trust are reported at Parish Council Meetings.

Matters for the Council's Attention

The following matters require the immediate attention of the Council.

- There has been no VAT claim during 2018/19 or 2019/20. Ensure that a VAT claim is submitted for the two financial years as soon as possible.
- Your Standing Orders and Financial Regulations should be reviewed and amended so that they state the same amounts for Tenders.
- I note from the Minutes dated 19 September 2018 that the Nationwide account was to be closed and the balance transferred to the Barclays current account. There is no record that this transaction has taken place. Please ensure the Nationwide account is closed as soon as possible or an explanation is minuted stating why this has not been done.
- The Council must ensure that PAYE is properly operated in respect of the Parish Clerk.
- The Clerk will need a Contract of Employment and a Job Description.
- I note that some of your Minutes remain unsigned. Please ensure that all Minutes are agreed at the next meeting and signed by the Chairman.
- Cheque no. 100725 has been lost in the post. This should be written back in to the 2020/21 accounts and a new cheque issued if necessary.

Your Parish Clerk's accounts are well presented, and I would like to thank her for her help and co-operation in preparing for the Internal Audit.

Yours sincerely,

Mrs A.E. Barnes FSLCC