

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



June 26, 2019

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 2019**

**For the Attention of the Council,**

I understand that it has been a difficult year for the Council but am satisfied that they have taken and are continuing to take steps to ensure the proper and legal running of the Council.

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

I have inspected the Council's records to 31st March 2019. 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.

**Follow up cheque no. 300014 to Came & Co for Insurance paid on 23.5.18. The invoice was for £611.33 but the cheque was made out and cashed for £661.33. Write to Came & Co. and ask for overpayment of £50 to be reimbursed to the Council.**

**The cheque for Came & Co appears to have been paid in between meetings but was not approved at a meeting. Ensure that all cheques are approved at meetings.**

**All income and payments must be fully recorded in the Minutes. It is not necessary to declare them on your agendas.**

**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. Ensure that a VAT claim is submitted for the financial year 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 February 2018. Standing Orders requires Tenders for goods and services over £60,000. The Financial Regulations states that Standing Orders should be followed for goods and services over £10,000 but Standing Orders makes not mention of the process for items between £10,000 and £60,000.

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

**Risk Management Arrangements**

I have not seen your Risk Assessments and Financial Risk Assessments. I note your Internal Control Policy.

**If you do not have a Financial Risk Assessment, I recommend that you adopt one as soon as possible.**

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 that the bank account with Unity Trust has been closed and the balance transferred to the Barclays current account.

**However, 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. This transaction has not taken place. Please ensure the Nationwide account is closed as soon as possible.**

**I also note that TAFRA invoices are being authorised at Parish Council meetings and noted in the Minutes. All TAFRA Trust business should be kept completely separate from Parish Council business and any TAFRA transactions must be authorised by the Trust and not the Parish Council.**

**Insurance**

I note the Council's insurance with Came & Co – Inspire Underwriting, was paid in May 2018. The Policy runs from 1<sup>st</sup> June 2018 to 31<sup>st</sup> May 2019. **Please see my note above regarding the payment.**

**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 2018/19 and Budget 2019/20. The Precept was agreed through a budgetary process. The budget was not very clear, and I suggest a more detailed Budget is produced

next year. The Budget should not include any reference to Tacolneston and Forncett Recreation Association (TAFRA) as the Trust is a separate body.

**The Precept was not declared in the Minutes. Please ensure the exact amount of the Precept is recorded accurately.**

#### **Section 137**

Section 137 Expenditure has been separately recorded in the cashbook and is within your statutory limits. There is no Section 137 expenditure recorded in 2018/19.

**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 will be reclaimed during 2019/20.

**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 examined the PAYE records for staff and the Clerk's Salary and expenses records. The Clerk's salary and expenses have been approved by the Council and PAYE and NIC have been properly operated by the Council as an employer.

Contracts of Employment and Job Description have not been examined and will need to be seen at the next audit. Salaries have been paid in accordance with the hourly rates recorded in the Minutes.

**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.

- 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 2017/18, it met the exemption criteria and correctly declared itself exempt. ("Not covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)**

The authority did not declare itself exempt and are awaiting a report from External Audit on their 2017/18 accounts.

- L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.**

Not required for this audit.

#### **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.

- **Follow up cheque no. 300014 to Came & Co for Insurance paid on 23.5.18. The invoice was for £611.33 but the cheque was made out and cashed for £661.33. Write to Came & Co. and ask for overpayment of £50 to be reimbursed to the Council.**
- **The cheque for Came & Co appears to have been paid in between meetings but was not approved at a meeting. Ensure that all cheques are approved at meetings.**
- **All income and payments must be fully recorded in the Minutes. It is not necessary to declare them on your agendas.**
- **There has been no VAT claim during 2018/19. Ensure that a VAT claim is submitted for the financial year as soon as possible.**
- **Your Standing Orders and Financial Regulations should be reviewed and amended so that they state the same amount for Tenders, Quotations or Estimates.**

- **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. This transaction has not taken place. Please ensure the Nationwide account is closed as soon as possible.**
- **If you do not have a Financial Risk Assessment, I recommend that you adopt one as soon as possible.**
- **The Precept was not declared in the Minutes. Please ensure the exact amount of the Precept is recorded accurately.**
- **I also note that TAFRA invoices are being authorised at Parish Council meetings and noted in the Minutes. All TAFRA Trust business should be kept completely separate from Parish Council business and any TAFRA transactions must be authorised by the Trust and not the Parish Council.**

Your 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