

## **Internal Audit Report for Whessoe Parish Council (the Council) 2021/22**

The Internal Audit took place on 19 May 2022.

### **Introduction**

The Council operates on a payments and receipts basis using an electronic accounting system (Rialtas Business Solutions). They retain paper copies of all invoices and receipts. All their key policies and minutes of meetings are published on their website and were up to date. I viewed their Standing Orders and Financial Regulations and a selection of the minutes. I examined the Annual Governance and Accountability Return (AGAR) for 2020/21 when no External Audit was required, and the Council correctly declared itself exempt as neither payments nor receipts exceeded £25,000.

### **Accounting**

All the appropriate accounting records were kept properly throughout the year. I noted that each month two Councillors carried out bank reconciliations and that each quarter a separate Councillor with no input into the accounting system carried out an audit matching every payment and receipt to the relevant bank statement. Both these actions are reported at the relevant full Council meeting.

I examined a selection of payments and receipts and reconciled them to the bank statement. I found that the Hallmaster electronic accounting/booking system was easy to check accuracy of entries and calculations.

VAT is clearly identified and normally reclaimed annually.

There was no Section 137 expenditure during the year.

The Council does not have a cash float, nor does it accept cash in payment for its service.

### **Policies**

The Standing Orders and Financial Regulations were up to date and that the Council was following the purchasing requirements. No significant purchases had been made during the year and where possible the Council had sought the requisite number of quotations.

The Council has an effective segregation between making on-line payments. The Responsible Financial Office (RFO) processes payments on-line and two Councillors are required to authorise the payments. Cheques are submitted to their bank using the online banking application.

The Council has a debit card which is set up in the name of the RFO on behalf of the Council. It has a £10,000 limit but no limitation on expenditure within that amount. The Council recognise this as a risk which is mitigated by the monthly reconciliations and the quarterly audit. In addition, all purchases made through Amazon Business are reviewed at the time of the monthly reconciliation using Amazon analytics. The Council's insurance covers misappropriation of funds by staff members.

### **Risk Assessment**

I examined the current risk register and the supplementary one created to cover risks during the pandemic. There is no evidence this year that all risks were reviewed. In part this was because of the pandemic as there was no annual meeting. I would expect this to be rectified at the forthcoming annual meeting later this month.

I examined the insurance policy which provides adequate cover for both the Council, the village hall and all assets. It was noted that the current insurer has declined to provide cover for next year and that the Council has sought quotes to replace it.

### **Budgetary Controls**

The Council approved and minuted a budget for the precept in November 2021 and for the Hall and Social Committees in January/March 2022. The letter from Darlington Borough Council clearly states the precept figure.

Budget reports are put before every Council meeting with variances noted.

### **Staff Salary**

The Council has one employee who acts as both RFO and Clerk. He works to a contract on a part time basis of 10 hours per week and is managed by the Council's staffing committee. He is paid quarterly to an appropriate point on the NJC scale. All PAYE payments were made on time. He is not eligible for employer's pension arrangements.

### **Assets**

I examined the current asset register which shows all assets, when they were purchased and how much they cost. They also record disposal. The value of the assets is covered within the insurance policy.

### **Transparency**

The Council has a website and publishes all agendas, minutes, policies and financial records in accordance with the Transparency Code.



*signed*

19/05/2022

*date*

Kevin Pearce DEM