

**WEELEY PARISH COUNCIL**  
**REPORT OF INTERNAL AUDIT REVIEW FOR 2019/20**

**Introduction**

A smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.' These auditing standards and guidance have been set out in 'Governance and Accountability for Smaller Authorities in England' published in March 2020 and available on the NALC website. My internal audit review of the Parish Council's financial affairs for the year was guided by these documents and the requirements of the Annual Internal Audit Report that forms part of the Annual Governance and Accountability Return for the Council.

I would like to take this opportunity to express my appreciation to Nicola Baker, the Clerk for her assistance and for the clear way in which the Council's procedures and records were presented.

**Findings**

The major findings and recommendations are listed below. More detailed findings and recommendations to address any issues are contained in the Appendix to this report.

1. A spreadsheet was maintained through the year as a record of the financial transactions of the Council. Year-end accounts have been prepared on a receipts and payments basis which is appropriate for a council of this size. They agreed with the cash book and the audit trail was good.
2. Standing Orders and Financial Regulations were reviewed by the Council at its meeting in June 2019. The risk assessment and a number of other policies were also reviewed at the same meeting. Standing Orders are not based on the latest model issued by NALC.
3. Financial Regulation 2.2 expects the appointment of a councillor to verify bank reconciliations at least quarterly. I was given very little evidence of this being carried out regularly.
4. Payments are supported by invoices and approved by the Council.
5. The Clerk's salary was paid in accordance with Council approvals. No allowances are paid to members.
6. The Asset register was presented to the Council at its meeting in June 2019. That prepared for the 2020 year end included assets acquired during the year.

7. Detailed papers were provided for consideration of the annual precept. These included a comparison of expected spend in the current year to the budget with explanatory notes. An informative half-year report was presented to the October Council meeting showing progress against budget. At nearly one and a half times the precept, the level of reserves is quite high but still in the range deemed appropriate. There are no reserves earmarked for particular purposes.
8. The external auditors, PKF Littlejohn noted that there was a shortcoming in the notice issued for the exercise of public rights to review the accounts for 2018/19 in that the approval date was not at least one day before the start of the period for the exercise of those rights.

### **Recommendations**

With reference to the above findings I recommend that the Council address the following points:-

1. Financial Regulations concerning the verification of bank reconciliations should be followed.
2. Care should be taken in drawing up and publishing the notice for the exercise of public rights to review the accounts.
3. Consideration should be given to updating Standing Orders in line with the latest model.
4. Consideration should be given to earmarking some of the reserves for specific purposes.

### **Opinion**

The financial affairs of the Council continue to be carried out in an effective manner by the Responsible Finance Officer and Clerk.

The Council should continue in their support of the Clerk.

*N Powell Davies*

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Nancy Powell Davies ACMA, CGMA

15<sup>th</sup> May 2020

## WEELEY PARISH COUNCIL – DETAILED FINDINGS 2019/20

Expectation	Findings	Recommendations
A Appropriate books of account have been properly kept throughout the year.	<ul style="list-style-type: none"> <li>• A computer spreadsheet is used to record financial transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
B The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<ul style="list-style-type: none"> <li>• Standing Orders and Financial Regulations were reviewed by the Council and agreed unaltered at its meeting in June 2019. The Standing Orders are not based on the latest model issued by NALC in 2018.</li> <li>• Payments are supported by invoices and approved by the Council and VAT is accounted for appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration should be given to updating Standing Orders in line with the latest model issued by NALC.</li> </ul>
C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<ul style="list-style-type: none"> <li>• At its meeting in June 2019 the Council reviewed its assessment of the significant risks that it faces and agreed it unaltered.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
D The annual precept requirements resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves were appropriate.	<ul style="list-style-type: none"> <li>• Detailed papers were provided for consideration of the annual precept. These included a comparison of expected spend in the current year to the budget with explanatory notes.</li> <li>• An informative report was provided to the Council comparing spend to date against budgets in the first half year at its meeting in October 2019.</li> <li>• At 46% above the precept, the level of reserves is quite high but still in the range deemed appropriate. There are no reserves earmarked for particular purposes.</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration could be given to earmarking some of the reserves for specific purposes.</li> </ul>

Expectation	Findings	Recommendations
<p>E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	<ul style="list-style-type: none"> <li>• Income was properly recorded. No VAT is chargeable on the limited range of income received.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
<p>F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.</p>	<ul style="list-style-type: none"> <li>• Receipts were available for minor expenses which are claimed by the clerk on a monthly basis and paid by cheque.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
<p>G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.</p>	<ul style="list-style-type: none"> <li>• The Clerk's salary and allowances were paid in accordance with council approvals.</li> <li>• PAYE and NI requirements were properly applied.</li> <li>• No allowances are paid to members.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
<p>H Asset and investment registers were complete and accurate and properly maintained.</p>	<ul style="list-style-type: none"> <li>• The Asset register was presented to the Council at its meeting in June 2019. That prepared for the 2020 year end included assets acquired during the year.</li> <li>• The Playing Field has been assigned no value in the asset register.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>

Expectation	Findings	Recommendations
I Periodic and year end bank account reconciliations were properly carried out.	<ul style="list-style-type: none"> <li>• Bank account reconciliations were properly carried out.</li> <li>• Financial Regulation 2.2 expects the appointment of a councillor to verify bank reconciliations at least quarterly. Apart from one signature on the January bank statement I was given no evidence of this being carried out and reported to the Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Regulations concerning the verification of bank reconciliations should be followed.</li> </ul>
J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book and were supported by an adequate audit trail from underlying records.	<ul style="list-style-type: none"> <li>• Accounting statements have been prepared on a receipts and payments basis which is appropriate for the council. They agreed with the cash book and the audit trail was adequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
K <b>IF</b> the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt.	<ul style="list-style-type: none"> <li>• The council did not exempt itself from a limited assurance review in 2018/19.</li> </ul>	<ul style="list-style-type: none"> <li>• Not relevant.</li> </ul>
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.	<ul style="list-style-type: none"> <li>• The external auditors, PKF Littlejohn noted that there was a shortcoming in the notice issued for the exercise of public rights to review the accounts for 2018/19 in that the approval date was not at least one day before the start of the period for the exercise of those rights.</li> </ul>	<ul style="list-style-type: none"> <li>• Care should be taken in drawing up and publishing the notice for the exercise of public rights to review the accounts.</li> </ul>