

Room 103 Floor 1
County Hall
Durham
DH1 5UF

June 27, 2021

To: Sacriston Parish Council
Provision of 2020/21 Internal Audit

I confirm that I have carried out an Internal Audit of the Parish Council's accounts and records for the financial year ended 31st March 2021. I have examined the system of internal control by carrying out the tests required and I have certified the annual internal audit section of the Council's Annual Return accordingly.

A handwritten signature in cursive script, reading "S Ragg", enclosed in a thin black rectangular border.

Mr. S Ragg

Ms C Wilson
Sacriston Parish Council
The Fulforth Centre
Front Street
Sacriston
Durham
DH7 6JT

INTERNAL AUDIT OF SACRISTON PARISH COUNCIL YEAR ENDED 31ST MARCH 2021 – AUDITORS REPORT

Having carried out an internal audit of the Council's 2020/21 accounts and records I confirm that I have examined and assessed compliance with the relevant procedures and controls by carrying out the tests required and I have certified the annual internal audit section of the Council's Annual Return accordingly.

Despite the onset of the Coronavirus Pandemic, 2020/21 was a more settled year for the parish council with a permanent clerk for over a year. This has not been the case in the previous few years. It appears that a number of parish council meetings were missed until such time as the correct remote meetings procedures were put in place.

Pleasingly I have seen evidence that the council has produced a report on the points raised by external auditors Mazars during their 2019/20 external audit.

The following details my assessment on each of the internal control objectives:

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

The scope of my audit included the inspection of the income receipts and expenditure payments recorded in the cash book during the year. Appropriate accounting records have been kept throughout the year.

As identified previously it is my suggestion that the introduction of a cash book that allocates income/expenditure to budget heads would help to improve the production of budgetary control statements and the end of year AGAR completion.

This is not a requirement, merely an observation which may assist with budgetary control during the year and may assist slightly with the end of year return. There are very few transactions during the year so this could be easily achieved if required by the council

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

It is evident that the council, for 2020/21, has continued with the improvement of its supporting documentation and adequate records have been kept.

I have checked an extensive sample of the accounting records and all items of expenditure were supported by invoices.

VAT was appropriately accounted for and reclaimed from HMRC. Details were reflected in the cash book. A few odd VAT transactions were omitted, although not of any material value the VAT expenditure could have been reclaimed. I have highlighted these on the cash book provided.

There was continued evidence recorded in the minutes of meetings throughout the year to show that items of expenditure were approved by the council for payment.

Financial Regulations must continue to be used for the larger purchases made by the council.

Most smaller items of expenditure are for routine purchases.

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

Although a copy of the Risk Management Register, which is available online, was included with the audit information it has not been reported to council for approval and ratification during 2020/21. This must be done on an annual basis to enable the council to re affirm or amend its risk management processes.

The Asset register had been updated during the year.

It is also reiterated that insurance arrangements should continue to be reviewed annually to provide certainty that all risks are adequately covered by insurance wherever possible.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

A 5% increase in precept had been requested for 2020/21. The HR & Finance Panel recommended this increase to full council on the 8 January 2020 and it was agreed to request a 2020/21 precept of £56,857.86.

Details of budgetary control during the year was evidenced and on each agenda an item of Accounts and Grant Applications which is where parish councils accounts are discussed, and any relevant points raised these are minuted.

Reserve balances are reported to council and the level of reserves remains appropriate for this council.

Can I suggest that details of all council and committee (including the HR and Finance committee) agendas and minutes are shown online.

In addition actual details of the budget preparation, and budgetary control statements could be shown online for members of the public to view. This will improve the transparency of the council.

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

Income evidenced in the cash book during the year consisted of the yearly precept (£56,857.86) and Localisation of Council Tax Support grant (£4,807.00) along with a few miscellaneous income items. These included the VAT income from HMRC. It was pleasing to see the precept and LCTRS grant reflected in the cash book this year.

All other income including reclaimed VAT were properly accounted for and balanced between the cash book and bank statements.

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

A Petty Cash system is no longer operated by the council.

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

It appeared that there had been erratic accounting for tax and NI due to the clerks personal financial situation and the Covid pandemic. This has been monitored by the clerk during the year to ensure her HMRC financial situation is under control and the council is making the correct deductions from pay too.

Salary details continue to be within those granted and approved by the council.

No allowances are paid to members.

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

A copy of the 2020/21 asset register has been reviewed. An old laptop is still in existence and is stated on the Asset Register, this is being kept in case any aged information stored there may be needed at a later date. Once this is no longer required it should be removed from the asset register.

The Council has no investments other than bank deposits held in the current account and these were adequately recorded. The bank account is the only liquid asset/reserve held by the council. No further investments exist.

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

There was evidence provided that end of month bank balances had been provided to members during the provided during the year.

An end of year bank reconciliation has been provided and examined which balances between the cash book/ledger and the bank statement for 31 March 2020.

The Finance Committee and the full Council receive monthly updates on bank balances/and reconciliations detailing any payments made that had not passed through the bank account.

The council continues to use online banking which will now enable reports to be provided with up to date bank statements on a monthly basis to Finance Committee and Full Council. Full bank details are not published within the minutes, but current balances are minuted each month

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

The accounts were prepared on a receipts and payments basis with no accruals at the year end. No debtors or creditors created at year end.

K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly determined itself exempt. If the Authority had a limited assurance review of its 2018/19 AGAR tick "not covered"

Sacrison Parish Council had a limited assurance review of its 2018/19 AGAR so I have ticked not covered on the Internal Audit Return.

L. The Authority publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the Transparency Code for smaller authorities.

This council is not subject to the Transparency Code for Smaller Council.

I would recommend that, as soon as practicable Sacrison PC takes a look at either of the Transparency Codes for parish councils and starts to produce information online.

M. The Authority, during the previous year (2019/20) correctly provided for the

period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set.

I have evidenced the 2019/20 Notice of Electors Rights on the website which shows that the accounts were available for inspection between the 20 July and the 28 August 2020.

N. The Authority has complied with the publication requirements for the 2019/20 AGAR

I can find evidence that this has been complied with for the

- Certificate of Exemption (not required)
- Annual Internal Report
- Section 1 Annual Governance Statement
- Section 2 Accounting Statements
- Notice of Electors Rights

The analysis of any variances (if any) and Bank Reconciliation need to be shown online. This should be rectified if appropriate for this and future years.

Also witnessed where the 2019/20 audit completion notice and AGAR part 3.