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**INTERNAL AUDIT REPORT
ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN 2020/2021
BELMONT PARISH COUNCIL**

1. Background

- 1.1. Local Councils in England and Wales (Parish Councils, Town councils) are expected to complete an Annual Governance and Accountability Return (AGAR) summarising their annual activities at the completion of each financial year.
- 1.2. Belmont Parish Council completes part 3 of the AGAR with one of the parts within the AGAR to be completed by the Council's independent internal auditor, who is to give an opinion of the Council's internal controls.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined.

- 3.1 The Scope of Work covers the key control tests identified in the internal audit part of the AGAR.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:
- Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
 - Exercise of public rights.
- 3.3. The audit findings of this report have been discussed with the Chair of the Council and Parish Clerk any audit recommendations have been agreed with them.

4. Findings

4.1. Payroll

- 4.1.1 The Parish Council has 2 employees at the beginning of the year who work fixed hours and are paid by the Parish Council. The increases in the rates of pay is determined by the National Pay award for local government workers and approved by the Council Members and recorded in the minutes.
- 4.1.2. Internal Audit examined the payroll amounts for the financial year 2020/2021 and all payments had been correctly made.

4.2. Creditors (Accounts Payable)

- 4.2.1. There are no separation of duties regarding Finance and Administration at Belmont Parish Council as the Parish Clerk is the Officer responsible, and carries out all administration on the processing of the payments. Good internal controls are in place as the Chair of the Council approves all invoices and Members agree the payment of accounts each month with 2 other Members signing the cheques and initialing the cheques stubs.
- 4.2.2. Financial Regulations of the Council state that the Responsible Finance Officer (Clerk) shall provide a monthly statement of Income and Expenditure to Members at the monthly Council meeting. This was found to be properly completed and submitted.
- 4.2.3. Financial regulations state that "an official Order or letter shall be issued for all work, goods and

services costing in excess of £500, by a duly delegated committee unless a formal Contract is to be prepared or an official Order would be inappropriate. Copies of Orders issued shall be maintained". Orders are being completed when appropriate.

4.2.4. An interim check was carried out on in November 2020 and all the payments as recorded on the Finance sheets made from 1st April to 30th September 2020 had been correctly paid with orders properly completed where appropriated and all payments agreed by the Members.

4.2.5. This audit examined all payments from 1st October 2020 to March 2021 with no queries.

4.2.6. All section 137 payments had been agreed by the Council prior to payment being made and properly recorded in the Expenditure records.

4.3. Governance/Risk Management

4.3.1. A risk assessment review was previously carried out on 5th March 2020 and recently by Full Council on the 4th March 2021.

4.3.2. There appears to be adequate insurance cover for all assets of the Council.
Risks to the Parish Council are improved with the inclusion of risk management on the agenda each month, and the appointment of the independent Internal Auditor who gives assurance on the Council's activities.

4.3.3. The Parish Council has a small budget with only 2 employees, and therefore its risks are considered to be low.

4.3.4. I understand that the Council uses the "local Council's documents and policies list" which details all policies and documents to be used by the Parish Council. Any updates or new information is e-mailed to the Clerk who then informs the full Council.

4.3.5. Financial Regulations were reviewed by the Finance Working Party Group on 25th November 2020 and agreed by Council on 3rd December 2020. Standing Orders were reviewed by Full Council on 4th June 2020.

4.3.6. The notice of appointment of date for the exercise of Public Rights for the accounts for the year ending 31st March 2020 recorded the dates for examination of the accounts being 5th June 2020 to 16th July 2020.

4.4. Income collection and Banking arrangements

4.4.1. Financial Regulations of the Council state that the Responsible Finance Officer (Clerk) shall provide a monthly statement of Income and Expenditure to Members at the monthly Council meeting, which had been carried out.

4.4.2. Internal Audit examined all the income records from April 2020 to March 2021 and it was confirmed that all income had been promptly banked and properly recorded, with a review of charges carried out annually, as part of the budget setting process.

4.4.3. There are 3 bank accounts held by the Council:

- i. Barclays Base Rate Tracker account
- ii. Barclays Community account.
- iii. Barclays Business Premium (Saver) account.

4.4.4. End of year bank reconciliations had been carried out and reconcile to the statement of accounts.

4.4.5. Fees and charges for the coming year (2021/22) were discussed at the 25th November 2020 Finance Working Party Meeting, and approved at the 2nd December 2020 Council meeting.

- 4.4.6. Final vat claim for 2019/20 was received on 29th June 2020 and the initial claim for 2020/21 on the 8th March 2021.

4.5. Accounting Records

- 4.5.1. Checks on the amounts on the bank statements are confirm from the cheque list which is provide each month by the Parish Clerk to full Council and quarterly to Finance Working Party. This gives a double check that bank statement figures are correct and shows unrepresented cheques.

4.6. Security/Assets

- 4.6.1. There is an Inventory held of all assets, which was approved by Full Council on 3rd December 2020 and is presented with the statement of accounts.

4.7. Debtors

- 4.7.1. There are no accounts raised for debts as Debtors either pay by cash or a cheque is received for work/service carried out.

4.8. Budgetary Control

- 4.8.1. The financial position for 2020/2021 and the budget for the year 2021/2022 and the precept, was initially discussed by the Finance Working Group on 25th November 2020 and agreed by the Full Council on 3rd December 2020.

- 4.8.2. Financial Matters including quarterly Budgetary Control is carried out by Members through Budget Summary reports.

5. Conclusions/Recommendations

- 5.1. The Internal Controls within the Parish Council are satisfactory for the size of the Council, with no recommendations.



**Gordon Fletcher (C.M.I.A.),
Internal Auditor,
Date: 7th April 2021**