

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



July 25, 2020

Mrs S. Bunn

Clerk to Gt Moulton Parish Council

Tahuti Mai

Bunwell Street

Bunwell

Norwich NR16 1SH

Dear Chairman and Councillors,

Internal Audit Report to Gt Moulton Parish Council for Year Ended 31 March 2020

For the Attention of the Council

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

I have inspected the Council's records to 31st March 2020. 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.

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.

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 July 2018 and will be reviewed again in July 2020. The Financial Regulations were reviewed in July 2018 and will be reviewed again in July 2020.

However, your Standing Orders require Tenders for goods and services over £20,000 but your Financial Regulations requires Tenders for goods and services over £25,000. These documents should quote the same figure. Please amend one of the documents.

Risk Management Arrangements

I note that your Internal Control Policy and find this to be adequate. I note that all cheques are signed by two councillors and all invoices are authorised before payment and that random check are undertaken.

Insurance

I have reviewed the Council's insurance with Zurich Municipal, it was agreed in June 2019 to ensure the insurance cover is adequate. The Policy runs from 1 September 2019 to 31 August 2020.

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 and confirm that the Precept was agreed through an adequate budgetary process. The budget was reviewed against actual and reserves are appropriate.

Section 137

Section 137 Expenditure has been separately recorded in the cashbook and is within your statutory limits.

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 but has not been reclaimed.

You must ensure your VAT is reclaimed at regular intervals, at least annually. Submit your claim as soon as possible.

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 authority's approvals, and PAYE and NI requirements were properly applied.

Payroll Controls

I have not been given PAYE records for staff as I understand your Clerk was classed herself as self-employed. The Clerk's invoice and expenses have been approved by the Council.

Contract of Employment and Job Description have been examined.

However, HMRC has stated Parish Clerks cannot be self-employed. The Council must operate PAYE from 1st April 2020 for your Parish Clerk and any other employees. This was also stated in my report of 2018/19 accounts. Ensure that PAYE is operated from 1st April 2020.

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 carried out monthly and explanations entered for any un-reconciled amounts or outstanding cheques. The total value of the investments is summarised on the annual 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 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "Not covered")

The authority correctly declared itself exempt and met the exemption criteria.

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.

The authority correctly provided for the exercise of public rights on its website.

M. (For local councils only)

Trust Funds (including charitable) – the council met its responsibilities as a trustee

The authority does not have any trust funds.

Matters for the Council's Attention

The following matters are brought to the attention of the Council:

- 1. Your Standing Orders require Tenders for goods and services over £20,000 but your Financial Regulations requires Tenders for goods and services over £25,000. These documents should quote the same figure. Please amend one of the documents.**
- 2. However, HMRC has stated Parish Clerks cannot be self-employed. The Council must operate PAYE from 1st April 20 for your Parish Clerk and any other employees. Ensure this is done immediately.**
- 3. Your Minutes refer to Correspondence List Attached but there is no list with the minutes or on the website. Please ensure any attachments are included with the Minutes and published on your website.**
- 4. VAT has not been reclaimed for 2018 – 2020. Ensure a VAT claim is submitted as soon as possible.**

Your Clerk's accounts are presented in a clear and precise manner 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