

**AUDIT REPORT BY THE INTERNAL AUDITOR TO ROCKCLIFFE PARISH COUNCIL
PERIOD 1ST APRIL 2021– 31ST MARCH 2023
FINANCIAL YEAR ENDING 31 MARCH 2023**

I confirm I have, on the 11th April 2022 undertaken an internal audit for the period 1st April 2021- 31st March 2022 in accordance with the Account and Audit Regulations (England) 2015 as outlined and incorporating any new requirements as outlined in “Governance and Accountability for Smaller Authorities in England” March 2022

The following areas have been assessed to ensure the internal financial controls are appropriate and relevant to Rockcliffe Parish Council.

Detailed below are the findings of the Internal Audit.

1. Proper Bookkeeping

The Council operates Receipts and Payments accounts as required by the Regulations. The Cashbook, in an Excel spread sheet, records receipts and payments under specific budget headings, allowing immediate identification of spending in each budget sector.

RECOMMENDED – A VAT Column is inserted in the Payments section of the Excel spread sheet to readily identify and provide an audit trail to confirm demands to HMRC.

**2. Financial Regulations, Standing Orders, Policy Document,
Review of the effectiveness of Internal Control,
Transparency Code.**

Financial Regulations and Standing Orders are regularly presented, reviewed and adopted periodically throughout each year.

The Council has comprehensive and appropriate Policy Documents which are regularly reviewed, as appropriate, and displayed on the Council website-
rockcliffeparishcouncil.co.uk

The Council has a statutory obligation under the Transparency Code to display specific information as detailed in the legislation. The Council has a comprehensive website and all information is displayed in a format easily understood by the elector.

RECOMMENDED that the Clerk consults the document “Annex A: Transparency Code for Smaller Authorities” which is forwarded with this report. This will ensure full compliancy with the Code with all required documentation is displayed on the website.

3. Invoice procedure

There is a clear audit trail from the financial records, supported by invoices and all payments are authorised and duly recorded in the minutes. A random check was made of all payments. There were no significant payments, which required a tendering or quotation as per Financial Regulations.

4. VAT

VAT was identified on purchases for the period ending 31st March 2023 and the appropriate claim made within the specified time.

5. Sct 137 Payments

The RFO has identified and adhered to the statutory requirement to maintain 'a separate account' of expenditure under Local Government Act 1972 section 137, by the inclusion in the cashbook of a separate accounting column, even if not used. Expenditure incurred under this power – British Legion Poppy Appeal - £20.

6. Risk Management

The Council has documentation clearly identifying risks associated with activities undertaken by the council both financial and physical. A draft document was received, reviewed and approved.

7. Minutes

The Minutes clearly documents the activities of the Council and there is no evidence of unusual financial activity.

8. Register of Interest

Members have duly completed the Register of Interests and fulfilled their obligation to keep it updated.

9. Budget Control

A budget process is in place and the budget is regularly monitored.

RECOMMENDED as advised to the clerk, all budgeted expenditure should be presented net of VAT to ensure accurate recording of actual spending incurred by the Council.

N.B. Vat is recoverable and not a cost to the Council.

10. Cash Balances

The cash balance at the bank of £41156 is considered adequate to enable the Council to fulfil the obligations in the 2023/24 budget. Earmarked funds if appropriate are clearly identified. The reserve also includes a balance on the Beckburn Grant Fund, which must be expended on specific criteria laid down as a condition of the grant.

External Audit advises an appropriate reserve should equate to three to six months expenditure.

11. Income Controls

All income is recorded and promptly deposited at the bank. No cash income.

12. Petty Cash/Clerk's Expenses

The Council does not operate a Petty Cash Account.

All spending under Clerk's Expenses is notified to and approved by Council

Sums drawn are allocated to the appropriate budget head and VAT is identified and claimed.

13. Payroll Controls

All PAYE/NIC records are up to date and submissions to HMRC are made in real time online.

Payroll is operated externally and verified for accuracy by the Clerk/RFO

14. Asset Control

The Asset Register documents assets held by the Council; it was reviewed and adopted at the Meeting held on 20th March 2023 – Minute No. 488 f) prior to completion of the AGAR. No acquisitions or disposals within the current financial year.

15. Bank Reconciliation

Bank Reconciliations are carried out on receipt of bank statements and accurately portray the financial position of the Council. It is confirmed that there are no unexplained balancing entries.

AGAR 2021-22

Regulation 15(2) Accounts and Audit Regulations 2015 requires the Responsible Financial Officer (RFO) to publish a Notice of Public Rights of inspection of accounts for a period of thirty days which must include the first 10 working days in July.

On visiting the website www.rockcliffeparishcouncil.co.uk to confirm the documents had been published, I make the following observations:-

No Notice of Public Rights and Publication of Unaudited Annual Governance and Accountability Return was displayed

An observation on the Notice of Public Rights was also made on last year's Internal Audit Report.

RECOMMENDED: To ensure compliance the Clerk/RFO should refer to the External Auditors (a link was recently sent from CALC), and follow the flow chart and guidance. It is also recommended that the Clerk (RFO) obtains an up to date copy of "Practitioners Guide March 2022" which will serve as a very important reference document to assist in the annual process of completing the AGAR and complying with website requirements.

Conclusion

In concluding the report I acknowledge the assistance of the Clerk/RFO who presented a very comprehensive audit file, which greatly assisted the audit process.



Georgina D Airey Internal Auditor – 11th April 2022.