

Annual Internal Audit Report 2019/20

ST MARTHA PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2020.

The internal audit for 2019/20 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		✓	See note
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
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.	✓		
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")	✓		
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.	✓		
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

11 JUNE 2020

Name of person who carried out the internal audit

MICHAEL TAYLOR

Signature of person who carried out the internal audit



Date

11-06-2020

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

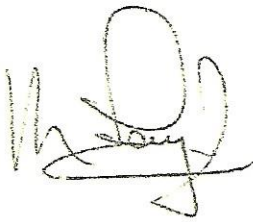
**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Note to accompany Internal Audit report, St Martha's Parish Council, 2019/2020

The practice of paying a private individual (Alan Marshall) in respect of an invoice issued by the company (Hazelford Ltd) is inappropriate and not without risk.

This should cease forthwith.

I question whether a payroll service is necessary for one member of staff. Should you wish this system to continue, it is suggested that the payroll company simply send a wages slip for the member of staff, which can be paid direct from the Council's Bank Account. There would also need to be an account set up to accumulate the PAYE and NHI on the Council's books. This seems a fairly simple way forward because no money changes hands between the payroll company and the Parish Council, except for the annual fee for calculation.



Michael Taylor 11/06/2020

The Parish Council's response to Michael Taylor's note at Internal Control Objective 'B'.

Councillors acknowledge the comment made above regarding payment to Alan Marshall in respect of an invoice from Hazelford Limited. This was a pragmatic solution of re-imbursing Hazelford by cheque, for the Clerk's salary already paid from Hazelford Limited, when we were informed that Hazelford's bank account with TransferWise Limited were not accepting cheques.

The Parish Council have now opened an internet bank account with Unity Trust, with three Councillors as authorising signatories.

Councillors do not consider that the Clerk/RFO should manage the payroll for the Council and will continue to use Hazelford Limited as a payroll provider.



Stephanie Sokolowski

Chairman

31/07/2020