**THRYBERGH PARISH COUNCIL**

**INTERNAL AUDIT REPORT 2020/2021 FINANCIAL YEAR**

1. I have completed an audit of the internal controls of Thrybergh Parish Council in respect of the financial year ended 31st March 2021. Having completed the audit, I have been able to sign the Annual Report by the Internal Auditor in accordance with the requirements of the Local Audit and Accountability Act 2014 (The Accounts and Audit Regulations 2015) and in so doing have noted that the Council conducts its affairs in a sound manner.

2. In carrying out the audit I have followed the suggested approach to Internal Audit Testing as defined by the National Audit Office and can confirm that I have acted independently in carrying out the Audit.

3. Internal Control 1 - Proper Book-keeping

(a) Is the cashbook (receipts and payments) maintained and up to date?

Yes. The Accounts continue to be kept in good order throughout the year with a good system of cross-referencing.

(b) Is the cash book arithmetic correct?

Yes. An arithmetical check has been carried out in accordance with the recommendations of audit practice. The use of the computerised accounts system (Edge IT) ensures that the cash book is routinely balanced with the bank statement.

(c) Parish Hall Rental Income

The income received by the Parish Council from the various groups which hire the Parish Hall has been reduced significantly during the 2020/2021 financial year, in comparison to previous financial years, because of the Coronavirus (Covid-19) pandemic. At the time of writing, the limitations imposed by HM Government (including social distancing and prohibitions on people gathering in large numbers, especially indoors) are continuing during the 2021/22 financial year and will have a further negative impact upon the Parish Council’s Hall rental income.

4. Internal Control 2 - Standing Orders, Financial Regulations and Payment Controls

(a) Has the Council formally adopted Standing Orders and Financial Regulations?

Yes. The Parish Council continues to operate based on a comprehensive set of Standing Orders and Financial Regulations. These documents are reviewed on a regular basis.

(b) Has a Responsible Financial Officer been appointed with specified duties?

Yes, the Clerk is also fulfilling the role of Responsible Financial Officer and there is reference to the R.F.O.'s specific duties in the Financial Regulations.

(c) Use of BACS Payments and Computerised Accounts System

The Parish Council has invested in a computerised accounts system (Edge IT), the Clerk/Responsible Financial Officer has been trained in its operation and the benefits of using this system are apparent in terms of control of the Council’s financial affairs.

The use of this system, as well as the extensive use of BACS transactions, require the Parish Council members to be diligent in making regular checks of financial transactions; for example: reading invoices, approving schedules of payments, checking bank statements, monitoring the use of the Parish Council’s debit card which the Clerk uses for small-value purchases. These routine and regular controls are also important because of the number of payments which have to be made during the periods between Parish Council meetings.

(d) Have items or services above a de-minimis amount been competitively purchased?

Yes. There is no evidence to suggest that the Council is not achieving good value for money from its contracts for the supply of goods or materials, or for the execution of works.

(e) Are payments in the cashbook supported by invoices, authorised and minuted?

Following a complete review of the financial records it is evident that payments are supported by invoices, authorised and are recorded in the minutes of meetings appropriately.

The Parish Council is using the BACS payment method, more extensively than payment by cheque and the schedule of payments is correctly reported to each Parish Council meeting.

(f) Has VAT on payments been identified, recorded and reclaimed?

Yes. As part of this internal audit, the VAT on payments has been identified and recorded correctly in all cases. It is also appropriate to note that the claims for VAT repayment continue to be made in a very good, accurate and timely manner, with the Edge IT system facilitating this process.

(g) Is Section 137 expenditure separately recorded and within statutory limits?

There is a good process for separately recording Section137 expenditure. The overall total amount of Section 137 expenditure remains within the statutory limits.

5. Bank Accounts

The Parish Council banks with the Co-operative Bank and also has an account with the HSBC bank.

The Parish Council must ensure that the signatories to the bank account are up-to-date and that all of the Councillors are authorised signatories. The Parish Council should endeavour to resolve this issue as the new membership begins its term of office after the elections of 06 May 2021.

Town and Parish Councils are making increasing use of online (Internet) banking. Local councils must always have regard to the relevant legislative provisions about finance (eg: Section 150(5) of the Local Government Act 1972, requiring cheques for the payment of Parish Council funds to be signed by two elected members).

The Parish Council is continuing with the review of its bank accounts to ensure that they are appropriate for the Council’s finances.

6. Wages

Appropriate records are maintained for each employee. The correct amounts have been paid, including payments to HM Revenues and Customs. As part of this internal audit, these amounts have been checked and have been found to be correct. The Parish Council has continued to pay its employees during the Coronavirus (Covid-19) pandemic, although the scope of their duties has necessarily been limited due to HM Government’s imposition of restrictions.

The appropriate employer and employee contributions are being made to the South Yorkshire Pension Fund each month.

7. Financial Year End

A Statement of Accounts is produced for the External Auditor, which shows last year’s figures (2019/20), as well as this year’s (2020/2021). A summary is also produced, recording the Parish Council’s bank accounts and the individual balances at the end of the financial year.

8. Risk Management Arrangements

The carrying out of an annual risk assessment is part of the arrangements for Corporate Governance and appropriate records are kept and reviews undertaken.

It is evident that insurance cover is reviewed on an annual basis and the insurance policy is kept up to date.

9. Recommendation

There are no recommendations to be made as a consequence of this year’s internal audit.

10. Conclusion

I would like to thank the Parish Clerk for his help and co-operation with the Audit. There are no specific items on which I wish to submit a special report.

Richard Bellamy

Internal Auditor

25th May 2021