

Room 103 Floor 1  
County Hall  
Durham  
DH1 5UF

May 13, 2022

To: Greencroft Parish Council  
Provision of 2021/22 Internal Audit

I confirm that I have carried out an Internal Audit of the Parish Council's accounts and records for the financial year ended 31<sup>st</sup> March 2022. I have examined the system of internal control by carrying out the tests required and I have certified the Annual internal audit section of the Council's Annual Return accordingly.



Mr. S Ragg

Mr P McAdam  
Greencroft Parish Council  
92 Brantwood  
Chester le Street  
County Durham  
DH2 2UL

## INTERNAL AUDIT OF GREENCROFT PARISH COUNCIL YEAR ENDED 31<sup>ST</sup> MARCH 2022 – AUDITORS REPORT

Having carried out an internal audit of the Council's 2021/22 accounts and records I confirm that I have examined and assessed compliance with the relevant procedures and controls by carrying out the tests required and I have certified the annual internal audit section of the Council's Annual Return accordingly.

Greencroft PC is a very small council and continues to have a limited budget and very few items of expenditure and income.

The following details my assessment on each of the internal control objectives:

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

The scope of my audit included the inspection of the income receipts and expenditure payments recorded in the cash book during the year. Items in the cash book continue to be very limited and appropriate accounting records have been kept throughout the year.

**B. *This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.***

The vast majority of their service related budget is spent in two transactions relating to grass cutting in their area. Whilst the other main expenditure item is the employment of a part time clerk. There are very few other transactions.

I am aware that the council is looking to seek quotes for its flower bed maintenance as advised last year.

I have checked the cash book and the accounting records and all items of expenditure were supported by invoices.

VAT was appropriately accounted for. VAT transaction evidenced in the accounts. VAT details show an element of the 21/22 VAT has already been reclaimed and is shown in the cash book. One outstanding VAT transaction remains to be claimed for 2021/22. Despite being for less than £100 this should be done as soon as practicable.

There was evidence recorded in agenda's and minutes of meetings throughout the year to show that items of expenditure were approved by the council for payment.

- C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.***

It is pleasing to note that the lack of risk assessment in previous years has been addressed through the March 2022 agenda when risk assessment policies were reviewed. This procedure should continue in future years. Rather than being carried out at the end of the year I would recommend that Risk Assessment could form part of the April/May agenda to ensure they remain fit for purpose for the forthcoming year.

Insurance arrangements should continue to be reviewed annually to provide certainty that all risks are adequately covered by insurance wherever possible.

- D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.***

The budget has been monitored throughout the year and the final outcome of the accounts was within the limits defined by the budget set and the precept requested.

I can see evidence in the minutes that the budget was considered in January 2021 and the resulting precept agreed at £5,190. This is an increase from previous years due to additional housebuilding in the area generating additional precept request.

Reserves continue to be sufficient at the year end (£7,697) and balances are reported to council on a frequent basis.

- E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.***

Income is limited for Greencroft PC and was evidenced during the year to consist of the yearly precept (£5,190) and one receipt of VAT of £181.33 for part of 2021/22. No other income received.

- F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.***

A Petty Cash system is not operated by the council and the AGAR return has been ticked as not covered.

- G. Salaries to employees and allowances to members were paid in accordance with authority's approvals, and PAYE and NI requirements were properly applied.***

Salaries are paid in accordance with council determination. Salary is paid on a quarterly basis using HMRC basic tools software to calculate any deductions and provide on line real time information to the HMRC.

No NI is payable as salary is below the quarterly limits. Tax is deductible from salary and paid over quarterly to HMRC.

No allowances are paid to members.

***H. Asset and investments registers were complete and accurate and properly maintained.***

The Council maintained an asset register which has been reviewed and updated on an ongoing basis. Asset register has been witnessed by Internal Auditor and is available for inspection on line.

The Council has no investments other than bank deposits held in the current account and these were adequately recorded. The bank account is the only liquid asset/reserve held by the council. No further investments exist.

***I. Periodic and year-end bank account reconciliations were properly carried out.***

There was evidence provided that bank balances had been reported to members frequently during the year.

An end of year bank reconciliation has been provided and examined which balances between the cash book/ledger and the bank statement for 31 March 2022. Four outstanding transactions agreed prior to 31 March but not proceeds through bank account until 6 April.

Bank reconciliation for 21/22 to be added to online information as soon as possible

***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***

The accounts were prepared on a receipts and payments basis with no accruals at the year end. Sufficient audit trail provided for all transactions. No debtors or creditors created at year end.

***K. IF the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly determined itself exempt. If the Authority had a limited assurance review of its 2020/21 AGAR tick "not covered"***

Greencroft Parish Council meets the exemption criteria to declare itself exempt from a limited assurance review and did so correctly for 2020/21.

- L. **The Authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.**

I have witnessed that Greencroft PC has included the transparency code requirement information online much to their credit.

I would recommend that the authority includes a copy of the cash book pages online or includes a list of the individual transactions (income and expenditure) it has incurred/received on a separate spreadsheet/webpage to give electors full details of these transactions. How much and what the transactions were for.

- M. *The Authority, during the previous year (2020/21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations*

I have evidenced the 2020/21 Notice of Electors Rights on line which shows that the accounts were available for inspection between the 1 July and the 11 August 2021. This included the first two week of July as required by the Accounts and Audit Regulations.

- N **The authority has complied with the publication requirements for 2020/21 AGAR**

Greencroft PC has undertaken to and does provide the required AGAR publication information online.