

28 Beechfield Rise  
Coxhoe  
Durham  
DH6 4SB

17 May 2023

To: Greencroft Parish Council  
Provision of 2022/23 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 2023. 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.

A handwritten signature in cursive script that reads "Slagg." with a period at the end.

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 2023 – AUDITORS REPORT**

Having carried out an internal audit of the Council's 2022/23 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 with 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 all income receipts and expenditure payments recorded in the cash book during the year. Items in the cash book are 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 main expenditure item for Greencroft PC is the salary for the employment of a part time clerk.

The vast majority of their service related budget is spent in two transactions relating to grass cutting in their area. It is noted that the same contractors have been used for the past few years. It is recommended that continual testing of the market remains to be considered appropriate for the authority to see if this can be provided cheaper by any other companies.

Apart from the annual insurance premium and a few general administration expenses there are very few other transactions.

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

VAT was appropriately accounted for. The previous and current years VAT reclaimed

from HMRC. VAT transactions evidenced in the accounts and checked to invoices.

There was continued evidence recorded in the 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.***

Risk assessment viewed and examined, this is an appropriate risk assessment for this size council. The council could consider adding this to their website so it is in the public domain.

The risk assessment was considered and an agreement resolved by council at their June 2022 meeting. The council is recommended to continue to review this document on an annual basis.

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

The 22/23 budget was considered and a resulting precept request for 2022/23 (£6,403.73) agreed at the January 2022 meeting.

The council had already considered a draft budget and resolved to agree it's 2022/23 budget in January 2022. It is minuted to this effect and the council requested no increase in council tax contribution. However due to the increased council tax base for the area the councils precept increased from £5,190 to £6,403.73 for 2022/23

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.

Reserves continue to be sufficient at the year end (£10,581.71) of which £1,400 is earmarked for election expenditure which may be incurred in May 2025. Reserve balances are reported to council on a frequent basis.

General reserves of £9,181.71 represent around 143% of the precept request which is considered to be appropriate for this council.

**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. Any income received was evidenced during the year and consisted of the yearly precept (£6,403.73). No Localisation of Council Tax Support grant was received for 2022/23 owing to an increase in Council Tax Base as a result of additional houses being built in the area.

Two receipts of VAT (one for the period January to July 2022 and a second from August 2022 to February 2023) were claimed and received during 2022/23.

Two other items of income were received consisting of grants from DCC councillors for plants and flowers throughout the parish area.

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

Salaries are paid in accordance with councils salary determination shown in the councils advertisement for the position. Salary is paid on a quarterly basis using HMRC basic tools software to calculate any deductions and provide electronic 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. Assets remain unchanged at £8,165,

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 bank account reconciliations were properly carried out during the year.***

There was evidence provided that bank balances had been reported to members frequently during the year. It might help if a periodic bank reconciliation is reported to the council to provide the council with further financial information and certainty of their accounts. Suggested to be quarterly or at least half yearly.

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 2023. No outstanding cheques at 31 March 2023 as all payments etc are now electronic.

**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, therefore, no debtors or creditors created at year end.

**K. *IF the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly determined itself exempt. If the Authority had a limited assurance review of its 2021/22 AGAR tick "not covered"***

Greencroft Parish Council meets the exemption criteria to declare itself exempt from a limited assurance review. The council considered and resolved to approve its 21/22 exemption certificate at a meeting held on 31 May 2022,

**L. *The Authority published the required information on a website/webpage, up to date at the time of the internal audit, in accordance with the relevant legislation.***

I have evidenced the minutes and agendas being produced and advertised on the website.

As requested in previous years audits, details of all items of income and

expenditure are now shown on the website to meet mandatory transparency Code requirements. Similarly a list of councillors responsibilities is now shown online to meet statutory requirements.

**M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022/23 AGAR period, were public rights in relation to the 2021/22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set**

Details of the notice of the 2021/22 Exercise of Public Rights evidenced on line on Greencroft PC's website. This was also considered at the council's meeting held on 31 May 2022 however the dates set for the Exercise of Public Rights and the advertisement were not reflected in the minutes of the meeting. This should be rectified for future record of approval of the dates.

**N. The Authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes)**

I can find evidence on the parish councils website that this has been complied with for the

- Certificate of Exemption
- Annual Internal Report
- Section 1 Annual Governance Statement 21/22
- Section 2 Accounting Statements 21/22
- Analysis of variances
- Bank Reconciliation
- Notice of Electors Rights

This should continue and once approved by council all of the relevant information should continue to be shown online for 22/23.

**O. (For Local Councils only)  
Trust Funds (including charitable) - The council met its responsibilities as a trustee**

Not applicable to this council.