

Notton Parish Council - Internal Audit Report 2020/21

Ref.	Internal Control Issue	Recommendation	Category Low / Medium / High	Agreed Action / Timescale / Responsible Person
1.	Book-Keeping and Accounting Records			
1.1	Financial Regulations			
1.1.1	<p>The Parish Council's Standing Orders Section 18 (Financial Controls and Procurement), paragraph (b) states "Financial regulations shall be reviewed regularly and at least annually for fitness of purpose". However, examination of the Financial Regulations available of the Parish Council website states that "the review date is due two years from adoption date".</p> <p>In addition, the Financial Regulations do not include the date of approval by the Parish Council.</p> <p>The frequency Financial Regulations are reviewed is therefore not in accordance with the requirements of Parish Council's Standing Orders.</p>	<p>The Parish Council should review their Financial Regulations in accordance with the requirement set out within paragraph 18(b) of their Standing Orders.</p> <p>In addition, the Financial Regulations should include the date of approval by the Parish Council.</p>	Low	
1.1.2	<p>Financial Regulation Section 10, paragraph 10.1 states "An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate".</p> <p>It was noted that official orders had not been raised for work, goods and services procured during 2020/21.</p> <p>Consequently, procurement decisions are not supported by instructions to the vendor of the</p>	<p>In accordance with Financial Regulation 10, an official order or letter should be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be reasonably be deemed to be inappropriate.</p> <p>The Parish Council could consider identifying a minimum value when orders should be supported by a written instruction. Financial</p>	Medium	

	required items, the agreed price, specification, delivery expectations and payment terms. In addition, evidenced instructions for the vendor do not exist which are necessary to provide a point of reference when clarity may be required.	Regulation 10 should be revised in the event that the Parish Council adopts any changes to the procurement process.		
1.2	Payment Schedules			
1.2.1	<p>Parish Council meetings were not held for the months April, May and June 2020 due to the impact of the Covid 19 pandemic. Although payments made throughout this period were summarised on the Payments Schedule which was duly signed by the Chair of the Parish Council, details of the payments were not reported retrospectively within the July 2020 minutes when meetings resumed.</p> <p>Consequently, this may adversely impact upon the transparency of spending decisions made by the Parish Council.</p>	Details of payments should be reported within the minutes of each Parish Council meeting.	Low	
1.3	Sample Checks of Payments			
1.3.1	<p>A sample of 8 payments relating to 2020/21 was examined to ensure that the procurement process had been followed correctly and that evidence existed that the Parish Council had obtained value for money in terms of spend.</p> <p>Issues were raised in respect of the following 6/8 of the payments examined. Details are as follows: -</p>			
1.3.1.1	<p>Detail: Grounds Maintenance Payee: T&D Amount: £1813.80 The three year contract between the Parish Council and this supplier ended during 2019/20. Consequently, this spend was not supported by a formal contract.</p>	<p>In accordance with the Parish Council's Standing Orders, the contract in respect of grounds maintenance services should be re-tendered.</p> <p>The amount of VAT paid in respect of payments should be noted</p>	High	

	In addition, the VAT element of this invoice had not been included within the Parish Council Payment Schedule.	separately within the Payments Schedule.		
1.3.1.2	<p>Detail: Notice Board Payee: Community WS Amount: £400.00</p> <p>Detail: Play area Repairs Payee: Sutcliffe Play Amount: £166.80</p> <p>Detail: The sign group Payee: Green sign post Amount: £259.94</p> <p>In respect of all three payments evidence did not exist that three quotations had been obtained from separate companies in order to demonstrate that value for money had been obtained from the final ordered product / service.</p>	<p>In accordance with the Section 10.3 of the Council's Financial Regulations evidence should be obtained to confirm that the expenditure provides for value for money e.g., three separate quotations.</p> <p>The Parish Council minutes should provide evidence of the discussion in respect of the supplier selection process such as the quotations received in support of the spending decision.</p>	Medium	
1.3.1.3	<p>Detail: Safe Scheme Payee: P&CC West Yorkshire Amount: £250.00</p> <p>Evidence does not appear to exist outlining the level of service that the Parish Council can be expected to receive in order to justify the level of spend.</p>	Details of the level of service that can be expected should be defined and agreed.	Low	
1.3.1.4	<p>Detail: Grant Payment / Cricket Club Payee: AT Developments Ltd Amount: £600.00</p> <p>Several issues were identified in relation to this payment.</p> <p>(i) It would appear that the transaction arose as a result of a grant application submitted by Notton Cricket Club relating to an application to fund a new cricket scoreboard. However,</p>	Payments arising from the Community Infrastructure Levy funding initiative should be processed in accordance with the Grant Awarding Policy.	High	

	<p>details noted on the associated invoice relate to the purchase of benches.</p> <p>(ii) The meeting minutes dated March 2020 (Minute reference 195/0320) noted that the Parish Council would contribute a maximum amount of £500 towards the cost of the benches. Consequently, the spending decision does not accord with the grant application. In addition, the total value of the invoice amounted to £600 which exceeded the amount approved.</p> <p>(iii) The grant application was not supported by evidence of actual or estimated expenditure in accordance with the conditions of the Grant Awarding Policy.</p> <p>(iv) The invoice was paid to the supplier by the Parish Council and not the Cricket Club. Consequently, responsibility and liability for the assets now resides with Parish Council e.g., maintenance of the asset.</p>			
1.4	VAT Accounting Arrangements			
1.4.1	<p>It was noted that although the VAT element of the invoices eligible for VAT had, with minor exception been recorded within the Payments Schedule, VAT had not been recorded separately within the Payments Ledger.</p> <p>This may impact on the accuracy and / or transparency of the VAT accounting arrangements.</p>	The Parish Council should obtain assurance that the VAT accounting arrangements are robust and that the amount of VAT due is paid correctly.	Medium	
2.	Annual Budget 2020/21			
2.1	A review of the Notton Parish Council website indicates that the 2020/21 budget was not included within the Parish Council minutes and not published on the Parish Council website until October 2020.	In order to enhance the transparency of the financial reporting process, the approved annual budget should be clearly identified, included within the relevant minutes and published on	Low	

	Consequently, Parish Council financial information for 2020/21 does not appear to have been made available to members of the public in advance of the 2020/21 financial year.	the Notton Parish Council website prior to the commencement of the financial year.		
3.	Parish Council Website			
3.1	<p>The Parish Council has adopted a Publication Scheme during December 2016 which was reviewed during March 2020. The Publication Scheme sets out the information which should be made available to the public.</p> <p>Examination of the website as at the 16th June 2021 revealed that the following information does not appear to have been made available to the public:</p> <ul style="list-style-type: none"> (i) Annual report by the Auditor (Detailed report); (ii) Timetable of meetings; and (iii) List of current contracts awarded and value of contract <p>This issue may adversely impact upon the transparency of Parish Council activities.</p>	<p>In accordance with the Council's Publication Scheme and to comply with the Transparency Code for Smaller Authorities the following information should be added to the website:</p> <ul style="list-style-type: none"> (i) Annual report by the Internal Auditor (Detailed report); (ii) Timetable of meetings; and (iii) List of current contracts awarded and value of contract 	Low	
3.2	<p>Information relating to the Parish Council website is made available by accessing a relatively new gov.uk domain. However, it was noted that information relating to the Parish Council is also accessible under a previously used domain, http://parishcouncil.notton.org.uk.</p> <p>The existence of two websites may be confusing to the residents of Notton.</p>	The Parish Council should consider removing the old domain from the Internet and make it clear that the information has been superseded.	Low	
4.	Risk Management Arrangements			
4.1	The previous audit report noted that the Parish Council had not undertaken a risk assessment of the potential current and future risks arising from the	The Parish Council should undertake a risk assessment of the impact of the COVID 19 pandemic with a view	Medium	

	<p>current COVID 19 pandemic in the context of the Parish Council's obligations, activities, objectives, social values and maintaining effective continuity of function.</p> <p>In addition, a risk assessment has not yet been carried out to assess the impact of Parish Council activities post COVID 19 such as undertaking a risk assessment for the return of face to face Parish Council meetings.</p>	<p>to utilising the information in the event of a further extension of government restrictions and / or a further pandemic.</p> <p>Risks to consider may include: Remote working, critical functions and how to keep them operating in light of the possible reductions in Council Members, interruptions to the supply chain, cyber and reputational threat, communication with Members along with the return to face to face meetings, business continuity.</p>		
5.	Asset Register			
5.1	<p>Financial Regulation 14.6 requires that "The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets". At the time of the audit, no evidence exists to demonstrate compliance with this requirement.</p>	<p>In accordance with Financial Regulation 14.6, assets recorded within the Register should be verified at least annually, possibly in conjunction with the health and safety inspection.</p>	Low	
6.	Audit Services			
6.1	<p>The current Internal Auditor has undertaken the annual Internal Audit since 2014/2015, currently a total of 7 years.</p> <p>It should be noted that the Parish Council is not mandated to rotate their Internal Auditor with a specified number of years. However, the duration that the Auditor has undertaken the Internal Audit may give rise to the perception that there is a familiarity between the Parish Council and the</p>	<p>The Parish Council should appraise the performance of their Auditors which should consider the independence, objectivity and tenure of the Auditor providing audit services.</p>	Low	

	Auditor and that rotation may enhance independence and objectivity. The issue equally applies to the Parish Council's External Auditor.			
7.	Petty Cash Payments			
7.1	The Annual Governance and Accountability Return 2020/21 includes an Internal Control Objective relating to Petty Cash. The Parish Council does not maintain a petty cash fund and therefore is noted as "Not Covered" within the Return.	Not applicable.	N/A	Not applicable.