

**The Parish Council of Newton-upon-Rawcliffe and Stape**  
**Internal Audit Report 2019/20**

# 1. Introduction

The year covered by this audit has again been somewhat disrupted by events including the resignation of the previous Parish Clerk and the early stages of the complications introduced by HMGs response to the Covid-19 pandemic.

I continue to work without a detailed letter of engagement and these circumstances combine to mean that again the overriding objective of the audit has inevitably been to facilitate the signing off of the Annual Governance & Accountability Return (AGAR) in a timely manner, albeit to the extended timescales introduced in response to Covid-19.

The handover of the duties of Parish Clerk appears to have been less seamless than would have been desirable for a number of reasons. Critically, no-one could be found to take on the role and so for most of the year (and indeed to date) the statutory administrative and financial duties have been shared between the Chairman and Jane Hemingway, the latter acting as as Temporary Volunteer Clerk. This has meant that there has been little progress with the various projects outlined last year and certain other activities have fallen between the cracks, for example maintenance of the Parish website on which I comment further below.

To say that is not to criticise the individuals involved, it is rather an inevitable consequence of the circumstances and I feel that the Parish Council will have, as a matter of some urgency, consider whether a) it can continue on the present basis b) there is any realistic prospect of someone taking on the full role of Clerk or c) whether to move, as other Parish Councils have, to a professional Parish Clerk service provider (at a cost). Factors to weigh are clearly the ability to service legal requirements, local democracy needs and service to residents against costs and implications for the precept which could be substantial given the existing low cost base.

A further consequence of the circumstances has been that the internal audit has been a year end exercise (as to be fair has been the case historically) rather than the proactive dialogue envisaged by the ruling legislation and guidelines. Given the limited reach and transaction volume of this parish council, the year end approach does in my view enable a valid view to be formed on risk management controls during the year.

The council has again been able to certify itself as exempt from what is termed a limited assurance review by the external auditors given the financial limits specified in the instructions for the 2019/20 AGAR.

## 2. Audit Objectives

As indicated above, the principal objective of the internal audit process has been to enable me to respond to the specific questions incorporated within the return which I have to sign off. Note that the applicable standard is, as last year, " 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."

The questions, with my notes where applicable, are:

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

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

*Invoices or the equivalent have been produced for all items of expenditure and I am satisfied that payments have been authorised in accordance with the Standing Orders now adopted by the council. I would like to see strict adherence to the Standing Orders in relation to evidencing authorisation of payments and I feel that it would be good practice for payments during the preceding period to be presented and approved as a backstop. Where approval is required from the council (payments of £500 and over) it would again be good practice for there to be a cross reference in the accounting records to the relevant minute.*

*Validated.*

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

*A new Risk Register has been compiled and as part of that, the risks have been reviewed.*

*Validated.*

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

*A formal budgetary process has been undertaken for the year under consideration. Historically the council has maintained a relatively large bank balance as a provision against fluctuating expenditure on the cemetery; in a year affected by a major pandemic this seems entirely appropriate.*

*Validated.*

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

*Validated*

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

*Not applicable – the council does not maintain a petty cash fund with all payments and receipts passing through the bank account.*

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.

*Not applicable in the absence of a paid Parish Clerk.*

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

*A new asset register has been compiled and where appropriate budgetary provision*

*has been made for asset maintenance. Investment register - not applicable.  
Validated.*

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

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.

*Accounts prepared on a receipts & payments basis. I recommended last year that, notwithstanding, formal record of creditors & debtors should be maintained. With the transitional nature of the year it is perhaps not surprising that it remains outstanding but it will not be a large task to implement, with a view to informing the budgetary process and generally to give a fair view of council finances.  
Validated.*

K. If the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt.  
*Validated*

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.  
*A new item for 2029/20.  
Validated.*

M. Trust funds (including charitable) – The council met its responsibilities as a trustee.  
*Not applicable – no trust funds held.*

### **3. Projects for 2019/20**

The Parish Council had identified a number of significant projects to be undertaken in the review year, including:

- establishing title to and registration at HM Land Registry of the various parcels of land it owns (The Pinfold; East Brow Quarry etc.)
- moving to internet banking which may, sensibly, also involve a change of bank
- a review and updating of the records relating to Newton Cemetery

I commented in my report last year that the workload may prove to be substantial and before going ahead the Council needs a) to be certain that it has, or can hire in, the necessary skills b) that there is a commitment to the time that will be required of Councillors and the Parish Clerk and c) that adequate budgetary provision has been made.

In the event, the consequences of the resignation of the previous Parish Clerk have

included a lack of progress with these projects and the council needs to review them. All probably need addressing at some point but a realistic view needs to be taken on priorities, timescales and resourcing.

## **4. Parish Website**

This is an important facet of compliance with the Transparency Code. Unfortunately it is woefully out of date and during the internal audit I fell foul of the fact that the email address provided for the Parish Clerk is apparently not monitored.

It should be a central source of information, including access to statutory documentation such as notices of meetings, agendas, minutes and financial information. I am told that this is being actively addressed and I look forward to seeing progress in the near future. There are many parish councils in England making good use of their websites which can form a model for Newton and Stape.

I am sure that I am not the only resident who in 2020 would expect the website to be my primary source of information on the affairs of the council. In the past an email mailing list was maintained for the distribution of meeting notices and agendas to interested residents. I believe this stopped when the website was set up but to me the two are not mutually exclusive, rather they complement each other.

The council currently pay £130pa for website hosting. I understand that an alternative supplier has been identified who provides services to parish councils without charge. Whilst this seems desirable, it will be necessary to fully evaluate migration costs, both financial and in terms of resource requirements, making sure that there is someone willing to do the work before making a commitment.

On a related communications issue, it has been reported to me that meeting notices, agendas etc. have not invariably been posted on the Stape notice board. Whilst I am uncertain of the legal position here, and particularly given the situation with the website, it would certainly seem good practice to ensure that all notifications are posted in both of the separate parishes represented by the joint parish council.

## **5. Next steps**

1. Urgently improve usage of the website, in particular in the short term correcting inaccurate and misleading information.
2. Review outstanding projects as outlined above.
3. Review the other recommendations in this report.
4. Draw up and approve the outstanding letter of engagement for future years internal audits. This will probably draw heavily on the YLCA Internal Audit checklist.
5. Consider whether there is an appetite to make the internal audit process more of an ongoing one which will probably mean periodic meetings between relevant parties to review progress and future actions.

Finally I will just put on record the fact that I took on the internal audit role last year to solve a pressing problem following the sad death of Dennis Wilcock. It has never been my

intention that I should remain in post for the long term and the council may wish to start to consider who will take over the role for that longer term.