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The Members of Goring Heath Parish Council
c/o Ms Amanda Holland
Clerk to Goring Heath Parish Council
2 New Buildings
Whitchurch Hill
RG8 7PW

7th May 2021

Dear Ladies and Gentlemen

Internal Audit Report for the year ended 31st March 2021

Local councils are required to have an internal audit of their accounting records and their system of internal control by Regulation 5 of the Accounts and Audit Regulations 2015. During my visit in May 2021 I met with the Clerk and with Peter Dragonetti and I reviewed the financial systems and controls for the year ended 31st March 2021, together with the draft AGAR.

My internal audit testing was based on the guidelines included in the 2020 NALC Governance & Accountability Practitioners Guide. The internal controls in place were confirmed and a series of tests using the financial records, vouchers, minutes, previous audit reports etc were conducted to establish the effectiveness of these controls.

Overall conclusion

Overall the accounts and internal control systems are adequate for a council of this size.

Whilst I understand that the accounting transactions are both regular and few in number, I believe that it would be beneficial for the accounts spreadsheet to be adapted to permit easier comparison of expenditure against budget.

I have been unable to agree that the control objectives L, M and N have been achieved. In each case this is due to documents not being published on the website at the necessary time. The Council will need to state in its Annual Governance Statement that it did not provide proper opportunity for the exercise of electors' rights as the notice was not published on the website as required by the Accounts and Audit Regulations.

I am also unable to state that the Council has met its responsibilities as a trustee (objective O) as the reporting with the Charity Commission for the Whitchurch Hill Recreation Ground is 460 days overdue.

Detailed report (structured around the questions in the annual internal audit report in the Annual Governance & Accountability Return)

As part of the testing I checked:

- A. Appropriate accounting records have been properly kept throughout the year**
- The accounts have been maintained in an Excel spreadsheet.
 - The accounting records have been kept up to date.

Observations

- The use of Excel for councils of this size is quite usual and reasonable but the spreadsheet could be enhanced to provide better quarterly reporting as required by Financial Regulation 4.8.

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

- The cashbook was reviewed for the year.
- A sample of payment invoices was checked to ensure that they had been approved, correctly paid and VAT treated correctly.
- Payments are generally made online by the Clerk, with the major exception being the Clerk's salary which is paid by a Councillor who also has access to the bank account.

C. Council has proper risk assessment & management procedures

- Council minutes were scrutinised
- The Insurance cover is a specific parish council insurance policy.
- Standing Orders were last updated in January 2020, and reviewed again in January 2021. The Financial Regulations were last updated in March 2019 and reviewed again in 2020
- A finance report showing receipts and payments and a bank reconciliation is taken to Council each month.
- The Risk Assessment was reviewed during the year and approved in January 2021.

Observations

- The Standing Orders and Financial Regulations do not have a consistent approach to the awarding of contracts. A recommendation to align these values was made in the internal audit report submitted by a previous internal auditor in 2018. I echo that recommendation, together with their recommendation that the Standing Orders be reviewed against the latest available NALC template.

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

- The budget was reviewed in January 2021 and a precept agreed.

Observations

- The Council should formally adopt a budget each year and from this determine its precept requirement. The paper produced to discuss the setting of the budget went through these steps, so in future these steps should be minuted.
- The budget process should include a review of the reserves being held and the reasons for holding them. If the Council is holding reserves for specific purposes (such as CIL funds or a sum earmarked by the Council for a specific reason) then these should be separately identified as earmarked reserves.
- As mentioned in section A above, consideration should be given to modifying the excel cashbook so that an analysis of expenditure against budget is easier.

E. Expected income was received, recorded and banked; VAT appropriately accounted for

- The Excel spreadsheet was reviewed
- The precept was agreed to Council minutes and bank statements
- Advertising income from the newsletter was reviewed.

Observations

- The Council is required to publish its annual Community Infrastructure Levy report on its website by 31st December following the year end. The report for 2019-20 was not on the website at the time of my audit.

- No VAT claim was made during 2020/21. I understand that a claim for 2019/20 and 2020/21 is shortly to be made.

F. Petty Cash expenditure supported

- No petty cash is maintained by Goring Heath Parish Council

G. Payroll properly prepared, authorised and PAYE/NI requirements fulfilled

- Payroll is prepared in house using the HMRC basic tools package.

Observations

- I understand that there is a draft contract of employment for the Clerk but this has never been formally approved. This should be rectified as soon as possible.

H. Fixed assets register properly reflects the Council's assets

- The fixed asset register is maintained in Excel. There has been no movement in fixed assets this year.

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

- The bank reconciliations were reviewed.

J. Accounting statements and annual return

- The financial statements, annual return and supporting documentation for the annual return were reviewed and agreed. The Council prepares its statements on an income and expenditure basis as it includes any VAT incurred as a debtor at the year end.

K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt

- The Council did meet the exemption criteria in 2019/20 and correctly declared itself exempt.

L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website in accordance with the Transparency Code

As the Council declared itself exempt from a limited assurance review in 19/20 it needed to comply with the Transparency Code. The Council mostly, but not completely, complied with the Transparency Code.

Item	Compliant?	Comments
All items of expenditure > £100	Yes	
End of year accounts	No	The AGAR section 2 was published showing the accounts. However the variance analysis, the end of year bank reconciliation and the reserves reconciliation were not published as required
Annual governance statement	Yes	
Internal audit report	Yes	
List of councillor responsibilities	Yes	All councillors are listed and the Chairman is identified
Details of public land & building assets	Yes	
Minutes, agendas & meeting papers of formal meetings	No	These were mostly all available at the time of the audit but clicking on the link for the May 2020 minutes brought up the minutes for May 2019 and the minutes for July 2020 were not available at all.

M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations

- The Council provided the opportunity for the exercise of public rights for the correct number of days, within the correct timeframe (ie commencing on or before 1st September).
- However the notice was not published on the website as required by the Accounts and Audit regulations 2015 and thus correct provision for the proper opportunity for the exercise of public rights was not made. The notice was published on noticeboards, as is common practice, but this does not meet the requirements of the legislation.

N. The authority has complied with the publication requirements for 2019/20 AGAR (as per AGAR Page 1 Guidance Notes)

- The Council did not publish all the documents listed on page 1 of the AGAR at the correct time as the following documents were not published with the AGAR:
 - bank reconciliation
 - explanation of variances
 - reserves reconciliation
 - notice of exercise of public rights

O. The council met its responsibilities as a trustee of trust funds

- The Council is trustee of Whitchurch Hill Recreation Ground which is registered with the Charity Commission (reg. no. 304389).
- At the time of writing this report the charity reporting was 460 days overdue.
- I am therefore unable to state that the Council has met its responsibilities as charity trustees.

I trust that these comments are self-explanatory, but please do not hesitate to contact me if you would like further details.

Yours faithfully



Claire Connell