

Stockton Parish Council Internal Audit Year Ending 31 March 2021

In accordance with the instructions, I have received from the Clerk of Stockton Parish Council, Mr W Robinson, I have conducted an Internal Audit of the Parish records, together with the Annual Governance Statement and Accounting Statements for the period 31st March 2020 to 1st April 2021 and the report below sets out my findings and conclusions. The Internal Audit was undertaken over three days concluding on 3rd May 2021.

I have been informed that Stockton Parish Council updates their web site due to the Government's directive 'Transparency Code for Smaller Authorities' which requires smaller Council's to publish all of their policies and procedures, together with their financial records. As part of the Internal Audit, I confirm that I have undertaken a review of the web site as well as the hard copies of the documents provided.

Proper Bookkeeping

- Receipt and payment entries in the cashbook were checked and found to be up to date, correct and supported by the appropriate documentation.
- All payments were properly authorised by two authorised signatories of Stockton Parish Council.
- In addition, an audit trail of the following cheques was carried out: -

For the Year 31st March 2020 to 1st April 2021

Payments

<u>Cheque Number</u>	<u>Amount</u>	<u>Payee</u>	<u>Date</u>
001415	£116.00	D Stanley	20.04.20
001437	£ 78.00	SLCC	20.07.20
001431	£250.00	Stockton PCC	15.06.20
001441	£530.00	G Farmer	17.08.20
001476	£161.73	SSE	15.03.21

Deposits/Receipts

- All receipts were banked in a timely manner.
- In addition, an audit trail of the following receipts was carried out: -

<u>Payee</u>	<u>Amount</u>	<u>Date</u>
Dignity Funerals-C Heath Interment	£200.00	29.04.20

WL Goodwin & Sons-L Hawker Interment	£300.00	
29.04.20		
& Reservation		
D Thornicroft Interment	£ 75.00	05.06.20

Checks were made of all invoices and receipts to the end of year and overall, there were no discrepancies to be found. All cheque audit trails were satisfactory, with most of the cheques matching to the correct individual invoice.

Evidence was found in the minutes that a Budget Monitoring Report and bank reconciliation had been prepared and presented to Stockton Parish Council on a regular basis.

Standing Orders, Financial Regulations and Policies

- There is evidence on the web site that Stockton Parish Council last reviewed their Standing Orders on 20th July 2020 and a copy is available to view.
- There is evidence that Stockton Parish Council reviewed, and if applicable, amended, and approved their Financial Regulations and Risk Management Policy on 20th July 2020, and they have been uploaded on to the web site.
- All payments are supported by invoices and they have been properly authorised by the appropriate Officer/Member of Stockton Parish Council. There is also evidence that the details have been correctly recorded with the corresponding cheque numbers in the Receipts & Payments book. However, it appears that there is a cheque book missing and therefore, I was not able to ascertain whether there were any discrepancies.
- There is evidence that VAT re-payments have been correctly identified for the Year ended 31st March 2021 in the cash book, however there is no evidence that they have been reclaimed. Perhaps consideration could be given to claiming VAT re-payments regularly and at least annually.
- It was noted that there is evidence that Stockton PC adopted the General Power of Competence in May 2019, therefore, there are no records recording Section 137 payments.
- It was noted that there were minute numbers on the minutes which are available on the Stockton PC web site and they are also available on the hard copies of the minutes that are kept in the Minute Book. I was, therefore, able to ascertain that the minutes corresponded to the minute references in the cash book.
- It was noted that Stockton PC has a Data Protection Policy in place and there is evidence that the GDPR regulations were approved by members of the Council on 21st May 2018 and that they will be reviewed every three years i.e., May 2021.

- There is evidence on the Stockton PC web site that the policies below were last reviewed on 16th July 2018 and will be reviewed in three year's time i.e, July 2021:
 - a. Communications Policy
 - b. Community Engagement Strategy
 - c. Complaints Policy
 - d. Data Protection
 - e. Equal Opportunities Policy
 - f. Grant Awarding Policy
 - g. Purchasing Policy

- There is evidence on the Stockton PC web site that the policies below were reviewed on 21st May 2018 and will be reviewed in three year's time i.e., May 2021:
 - a. Retention of Documents

- There is evidence on the Stockton PC web site that the Training Policy was adopted in December 2016.

- There is evidence that the following policies were dated 18th August 2019 on the Stockton PC web site:
 - a. Publication Scheme
 - b. Health & Safety Policy.

- It is noted that on 17th August 2020, under Item 12 – Parish Council Calendar Actions – that the following policies were reviewed and approved: Standing Orders, Financial Regulations, Audit of Footpaths, Asset Register, Safety Audit of Playing Field and Cemetery.
- It is noted that there have been changes to the accounting processes for the year end 31st March 2021 and the Council should have put in place a General Reserve Policy and has reviewed the level and purpose of all Earmarked Reserves. There is evidence that Stockton Parish Council has a Reserves Policy, however the Policy was last reviewed and updated on 16th July 2018. Consideration should be given to reviewing this policy annually. Furthermore, in Point 3.2 it mentions that 'Earmarked reserves must be reviewed and/or established by the Council at the annual budget setting meeting. Every earmarked reserve proposal must include a costed project plan'.
- It is noted that at the Stockton PC meeting on 15th March 2021, both the Recording of Meetings Policy and the Vexatious Complaints Policy were reviewed and approved.

Risk Management Procedures

- A full review of the minutes has been carried out by accessing the documents on the Stockton PC web site and looking in the Minute Book and there appears to be no unusual activities identified.
- There is evidence that a Risk Management Assessment was undertaken on 17th August 2020 on the Stockton PC web site and there is a copy available under the Policies and Procedures Page. It is the view of the Internal Auditor that a Risk Assessment should be carried out annually.
- The Index to Register of Burials was included in the documents given to me and it was noted that there is evidence that a Cemetery Safety Audit was carried out in the minutes dated 17th August 2020. It does not appear that anything significant has changed since the last Review. However, I am unable to verify the accuracy of the Index and the Cemetery without an appropriate inspection.
- It is also noted that an invoice from WCC, dated 23rd July 2020, for £450.00 plus VAT in respect of an Archaeological Assessment for Stockton Cemetery Extension was approved.
- It was noted that Came and Company are the Insurers for Stockton Parish Council and there is evidence that the annual insurance premium payment was paid on 18th May 2020, for £1,114.47. It was also noted that the insurances were reviewed in the minutes of the Stockton PC meeting on 19th October 2020. However, there are no supporting up to date documents, therefore, I was unable to ascertain whether the amount of cover was adequate, without physically inspecting Stockton PC's assets.

Budgetary Controls

- There is evidence that Stockton Parish Council has considered the level of precept for the year 2020/2021. A small increase was requested and an amount of £25,500 was received due to identified expenditure and the amount of reserves identified as being required for the financial year. The Chair noted in his Annual Statement that the amount requested for the Precept equates to £45.48 for a Band D property which is about 87 pence per week.
- There is evidence on the Stockton PC web site and the Minute Book that a monthly Budget Monitoring Statement was prepared by the Clerk and sent to Councillors. It is noted that the budget for Stockton Parish Council supports the level of precept requested.
- As in previous years, no supporting documentation was provided regarding the cheque signatories on the Treasurers Account at Lloyds. The Internal Auditor assumes that the signatories have not changed since 2002 when they were last updated.
- It was noted that there were hard copies of Budget Monitoring Statements in the documents provided, although there was no evidence that they had been uploaded on to the web site. It was also noted that there were no financial statements appended to the minutes on the Stockton PC web

site, however, they were provided in hard copy in the Minute Book as an appendix. Consideration could be given to appending a copy of these documents to the minutes on the Stockton PC web site.

- There was no evidence of any loans in place.

Income Controls

- All income appeared to be recorded and promptly banked.

Petty Cash

- There is no petty cash which has been identified and this has been recorded appropriately on the explanatory sheets for the External Auditor.

Payroll Controls

- The Clerk appears to be the only employee and as I have stated in previous years, a review of his Contract of Employment should be reviewed annually. The Internal Auditor has seen evidence of Mr Robinson's tax liability for the year 2020/2021 which was discharged on 1st April 2020 according to the Receipts and Payments Ledger.

Asset Controls

- There is evidence in the minutes of 17th August 2020 that Stockton PC has agreed and approved the up-to-date Asset Register.
- There is evidence on the Stockton PC web site that the Asset Register was ratified on 31st March 2018. However, the hard copy provided to me was dated to the end of the financial year 2020/2021.

Bank Reconciliation

- There is evidence that regular bank reconciliations are carried out in the cash book, together with the provision of a statement for members of Stockton Parish Council.
- There were no unexplained entries.

Register of Interests and Code of Conduct

- There is evidence on the Stockton PC web site that there is a Register of Members Interests available.
- There is evidence on the Stockton PC web site that the Code of Conduct was last adopted and approved on 19th February 2018. The Internal Auditor understands that there is a new LGA Code of Conduct which should be approved once Stratford District Council has approved their Code of Conduct.

Quotations

- There was no evidence that any quotations had been received during the financial year 2020/2021.

Year End Procedures

- The year end accounts have been prepared on the correct accounting basis of receipts and payments.

COVID-19 PANDEMIC – STOCKTON PARISH COUNCIL

- It was noted on the Stockton PC web site that there are two additional headings included in respect of Coronavirus help and advice which will assist those residents who are most affected by the virus.
- It is also noted that Stockton PC has suspended their monthly face to face meetings, however, there have been monthly remote meetings taking place. It is also noted that the Clerk has delegated powers to raise cheques and respond to planning applications in consultation with Stockton Cllrs.
- It is noted that Stockton PC has an Emergency Plan which is available on the Stockton PC web site. However, it is dated July 2011 and consideration could be given to updating the Disaster Plan in view of the Coronavirus Pandemic.
- It was noted that in the Chairman's Report that when the coronavirus lockdown came in March 2020, Stockton PC contacted those people who might be vulnerable or at risk or might need help with shopping or medical prescriptions. Several names came forward and several volunteers have done a wonderful job in helping. Cllr Collerson thanked all volunteers, friends and family for their help and support during the crisis.

The accounts and associated records and documents which were examined were found to be accurate and well maintained by the Clerk. The above points are brought to the Council's attention, not by way of criticism, but for their consideration:

As I have mentioned in previous years, it was noted that Stockton Parish Council has cash reserves of over £80,605.00 on deposit in the Treasurers Account at Lloyds Bank. As I have mentioned in previous years, whilst the Internal Auditor

understands the need for cash reserves and the constraints on parish and town councils to find an account which would generate a higher rate of interest, consideration could be given to moving a proportion of the funds on deposit to another account which could provide a higher rate. The Internal Auditor understands that whilst the level of reserves has been identified as £49,000, they exceed the amount which is on deposit.

Conclusion

Stockton Parish Council's accounts and documents are maintained satisfactorily and up to date. The comments mentioned above are made by the Internal Auditor for Stockton Parish Council to evaluate and implement, if they feel that they are necessary and appropriate, and they will help the Council in the running of its business.

**Gill Peacock, CiLCA
Parish Clerk & R.F.O. (Dunchurch Parish Council)**