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Chairman & Members,
Heck Parish Council.

3rd October 2020.

Dear Councillors,

I am pleased to report that I have now completed the internal audit report for the year ended 31.3.2020. I am indebted to the Clerk, Mr. Hunter, for his input.

I would raise the following issues:

Precept calculation for 2019/20 – the budget meeting to calculate this figure was held on 9.1.2019 - see Minute number 111915 where a 5% increase on the 2018/19 year was agreed. According to the accounts approved for 2018/19 in the AGAR the precept was £4448.00 thus, attracting an increase of £222.40 giving a precept of £4670.40. A precept of £4407.00 has been received for 2019/20 representing a shortfall. In Addition, the 2018/19 precept includes the central government grant of £36.61 – this figure was included in the precept for that year on that AGAR but should have been included in Box 3, Other receipts. Had this been excluded, a different precept should/would have been claimed for 2019/20. I appreciate that the 2018/19 figures must stand since that audit is now complete. However, the fact remains that this has led to an underclaim in the precept for 2019/20 and members are advised to review the parish council's financial requirements in the forthcoming financial year very carefully to ensure the correct sums are claimed form Selby DC and are able to meet the financial needs of the parish in 2020/21.

It is acceptable to agree percentage increases but this should be supported by the **actual** figure to be claimed in the minutes.

Internal audit report 2018/19 – Minute APM1909 reflects that an internal audit has been carried out but does not clarify whether any issues were raised. Minutes should reflect the fact that either no issues were raised or any issues raised should be reported therein and a resolution to adopt/accept recommendations should be made.

Minute 051910 – Item b) iv – shows the annual Non-Domestic rates payable for the year but the bank statement shows the payment was for the half year. **Actual** transactions should be reported in the minutes to ensure each transaction corresponds with the bank statement entries.

Minute APM1909 – refers, generally, to the raising of cheques for auditor's fees, payroll fees and Clerks's salary – these were not individually itemised

and the minutes state that the details would be posted in the agenda for the next meeting. I can find no evidence that these payments were reported in subsequent minutes. I recommend the Clerk check all payments for the 19/20 year against minutes and report any omitted transactions in the current year, seeking retrospective approval.

Cheque number 353 and 354 – not minuted. See recommendation above re retrospective approval.

British Gas Direct Debits appear regularly on bank statements but are not reported in the minutes nor can I locate a voucher supporting these payments. If this is a long standing arrangement it is good practise to retain a copy of the original agreement in the accounts every year.

The internal audit report for the 2018/19 year recommended that a review and assessment of potential risks the council may face should be carried out. I can find no evidence that this recommendation has been adhered to. I repeat this recommendation that an annual financial risk assessment should be carried out and reported in the minutes. Whilst I appreciate that bank reconciliations etc were reported in the minutes this is a separate exercise which covers other potential risks.

Payroll – I note that a third party is involved with the Administration of payroll costs which attracts a fee – given the parish council's limited budget I would suggest that this may not represent good value for money for the precept payers and would suggest the council reviews the need for this service.

On the basis of the above I regret that am unable to provide positive responses to all questions on the AGAR but hope members will address the issues raised and adopt my recommendations.

I attach my invoice for payment.

Kind Regards,

Mrs. P. Harrison.