

## **Introduction**

I have now examined the records for 2019/2020 using, as the basis of my review, the internal control objectives required by the external auditor as part of the Annual Return. I would like to take this opportunity to express my appreciation to Mrs. Michelle Curtis for her assistance and for the straight forward and helpful way with which she presented the Council's procedures and records.

## **Findings**

**A summary of the Annual Return control objectives, together with my findings and recommendations are listed below:**

### **A. Control Objective**

**Appropriate books of account have been properly kept throughout the year.**

#### **Finding**

During the year a new computerized accounting system, called "Alpha" was implemented and together with payroll software has been used to record the Council's financial transactions for 2019/20. During my audit I was able to extensively check that the transactions were consistent with those recorded by the bank, in the year end accounts and the Annual Return.

At the year end these systems provided the information required in the annual accounts prepared by the Clerk and the latest Annual Return.

These arrangements are more robust and are operated at other Councils.

### **B. Control Objective**

**The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT appropriately accounted for.**

#### **Finding**

The Council's Standing Orders and the Financial Regulations were reviewed in January 2020.

During 2019/20 payments were supported by invoices, expenditure was approved, authority for payments were all recorded and VAT appropriately accounted for. At the 31<sup>st</sup> March 2020 all VAT paid had been reclaimed or accounted for.

### C. Control Objective

**The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

#### Finding

The risk assessment based on the approach used at Tollesbury was reviewed and approved by the Council on the 14<sup>th</sup> April 2020.

In March 2019, a new "Practitioners Guide" regarding Governance and Accountability for Local Councils was published with changes to the external audit requirements, including those relating to Risk Assessment.

The Risk Assessment and Management document approved by the Council in April 2020 follows the approach recommended in the Practitioners Guide.

### D. Control Objective

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

#### Finding

The annual precept requirement did result from an adequate budgetary process. Progress against the budget was regularly monitored during 2019/20.

### E. Control Objective

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

#### Finding

The receipts received during 2019/20 other than the £20,530 precept were:

- £4,399 Burial Ground fees.
- £6 received from bank refund of charges.

In addition, £1407.69 VAT was received in the period ended 31<sup>st</sup> March 2020. A further £455.12 was outstanding as at the 31<sup>st</sup> March 2020 for the period 1<sup>st</sup> October 2019 to 31<sup>st</sup> March 2020.

**F. Control Objective**

**Petty Cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.**

**Finding**

**There is no petty cash.**

**G. Control Objective**

**Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.**

**Finding**

I have been provided with the new contract of employment for the current Clerk. During 2019/20 she has been paid consistent with the contract of employment and her upgrade agreed by the Council in November 2019. I did note that the hourly rate paid between April and November 2019 had not been increased in line with the national pay scales.

In addition, the Clerk was paid £390 for burial ground duties.

I was able to verify that all PAYE and NI requirements were met during 2019/20 and that the PAYE year end returns have been submitted to HMRC by the Clerk.

The law on workplace pensions has changed which applies to the Council. The Pensions Regulator acknowledged on the 2<sup>nd</sup> May 2018 that it had received Tolleshunt D'Arcy's declaration of compliance.

**H. Control Objective**

**Asset and Investment registers were complete and accurate and properly maintained.**

**Finding**

I have examined the Register of Assets provided for audit examination which includes insurance valuations which can be reconciled with the insurance policy.

The Value of Assets on the Annual Return at the 31<sup>st</sup> March 2020 is £206,011 which is consistent with the 2020 asset register.

External Audit guidance has changed again regarding how Local Councils should value their assets. This does not require any changes for this year but there may be advantages in reviewing the Council's arrangements before March 2021.

**I. Control Objective**

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

**Finding**

Bank reconciliations were carried out throughout the year and the reconciliation as at the 31<sup>st</sup> March 2020 was formally recorded and verified during the audit.

**J. Control Objective**

**Accounting statements prepared during the year were prepared on the correct accounting basis, agree with the cash book, and were supported by an adequate audit trail from underlying records.**

**Finding**

The Accounting statements prepared during the year were prepared on a receipts and payments basis, they agree with the cash book, and are supported by an adequate audit trail from underlying records.

**K. Control Objective**

**Trust funds (including charitable). The council has met its responsibilities as a trustee.**

**Finding**

Not Applicable.

**Recommendations**

With reference to the above findings I recommend that the Council speedily progress the following-

- Review the hourly rates paid between April to November 2019.
- Review its valuation of assets before March 2021 as per the revised external audit guidance.

**Opinion**

After extensive checking of the Council's records and accounts, I have found the systems to be sound. During the year 2019/20 the procedures and processes required by the external auditor have been improved by the Clerk and operated effectively.

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**M. G. Howard F.C.P.F.A**

**18th May 2020**