



**CHIPCHASE MANNERS**

CHARTERED ACCOUNTANTS & TAX CONSULTANTS

Our Ref: GRB

19 June 2024

The Clerk  
Great Ayton Parish Council  
[By email]

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Dear Sirs

**Great Ayton Parish Council**  
**Internal Audit: Year Ended 31 March 2024**

**Executive Summary**

Following completion of our internal audit we enclose our report for your attention and presentation to the Council.

The audit was conducted in accordance with current practices and guidelines.

An internal audit does not require that all transactions are checked, rather that transactions are tested on a sample basis where this is appropriate.

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. Each section sets out the work undertaken and is concluded with an opinion as to whether the assertion has been met or not.

The AGAR can be submitted to the external auditor without amendment.

Partners: G R Boagey BA, FCA, CTA  
C S Gorman FCA, FCCA  
M Firth BA, FCA

## **Regulation**

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the parish council on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

The function of an internal audit is to test and report to the parish council on whether its specific system of internal control is adequate and working satisfactorily.

The internal audit report should therefore be made available to all members to support and inform them when they are considering the parish council’s approval of the annual governance statement.

## **Independence & Competence**

The internal audit was conducted by Graeme Boagey, FCA of Chipchase Manners, Chartered Accountants. We confirm we are independent from the management of the financial controls and procedures of the parish council and that the internal auditor has no conflicts of interest with the parish council, nor do they provide any management or financial assistance to the parish council.

The internal auditor is a qualified practicing accountant with over 35 years’ experience as a registered statutory auditor.

## **Engagement Letter**

An engagement letter was issued on 29 April 2024 covering the 2023/24 internal audit assignment.

## **Planning & Inherent Risk Assessment**

Our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

Testing will be carried out on a sample of data to encompass the period of the parish council year under review.

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## A. BOOKS OF ACCOUNT

### **Internal audit requirement**

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

The parish council maintains its financial records using Microsoft Excel. It is well maintained by the council Clerk who is competent in operating this system. Given the size of the parish council, and the number of transactions within the year, this is an appropriate method of maintaining the financial records.

The final financial statements are prepared using Excel. This is also deemed appropriate given the size of the parish council and the purposes for which the financial statements are used.

Physical records are well kept and organised on a monthly basis, and are approved by the Chairman.

We make no recommendations for changes in this system.

We tested opening balances as at 1 April 2023 and confirmed they agreed to the 2022/23 accounts.

### **Section Conclusion**

The control objective of "Appropriate accounting records have been properly kept throughout the financial year" has been met.

## B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS

### **Internal audit requirement**

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

The parish council's financial regulations are set out in an updated document dated 23 June 2023 which is available on the website of the parish council.

The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank, investment plans and reporting to council.

Minutes are uploaded to the council website on a timely basis.

The minutes show authorisation of payments lists in accordance with the parish council's regulations.

We tested a sample of payments for services/goods in 2023/24 each month and can confirm they have been supported by invoices.

Costs are recorded inclusive of VAT with VAT being recovered on an annual basis via a VAT126 claim to claim a VAT refund as an organisation not registered for VAT. This VAT recovered is shown as a separate income stream in the accounts.

Cheques must be signed by two signatories.

**Section Conclusion**

The control objective of “This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for”, has been met.

**C. RISK MANAGEMENT & INSURANCE**

**Internal audit requirement**

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

The parish council undertakes a risk assessment that covers operational and financial risks. The latest published copy is dated 20 June 2023. However, it is reviewed annually with the most recent assessment taking place in May 2024.

The parish council’s risk management strategy is set out in an annually updated document most recently dated 21 May 2024.

The above is available on the parish council’s website.

The parish council reviews its insurance requirements as part of the renewal process.

**Section Conclusion**

The control objective of “This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.”, has been met

**D. BUDGET, PRECEPT & RESERVES**

**Internal audit requirement**

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

The 2023/24 budget was adequately prepared, clearly illustrating the level of precept required for the year. The precept received exceeded the prior year by 9.09%, with a variance of £12,651 between budgeted costs and actual costs.

Budget monitoring and control procedures take place during monthly council meetings

The reserves held at 31 March 2024 appear adequate for a parish council of this size.

**Section Conclusion**

The control objective of “The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.”, has been met.

## E. INCOME

### **Internal audit requirement**

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

The parish council has precept, cemetery fees, allotment rent, events and funding income.

The precept income of £120,000, received in two instalments throughout the year, has been received in full and traced back to remittances advices.

The parish council is not registered for VAT as it does not make taxable supplies.

### **Section Conclusion**

The control objective of “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.”, has been met.

## F. PETTY CASH

### **Internal audit requirement**

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

There are no petty cash transactions in either the current year or the prior year, therefore there is no further work necessary on this section.

### **Section Conclusion**

The control objective of “Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT accounted for” has not been covered as it not applicable.

## G. PAYROLL

### **Internal audit requirement**

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

Salaries are paid by the local authority and are recharged to Great Ayton Parish Council on a quarterly basis, including employers NI and employers pension liabilities. Each payment has been traced back to the invoices and recorded correctly in the cash book.

### **Section Conclusion**

The control objective of “Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.”, has been met.

## H. ASSETS AND INVESTMENTS

### **Internal audit requirement**

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

The Council has a simple fixed asset register in place which is updated by the Clerk. This has been reviewed with certain assets being revalued during the year in review.

#### **Section Conclusion**

The control objective of “Asset and investments registers were complete and accurate and properly maintained” has been met.

## I. BANK & CASH

### **Internal audit requirement**

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

At the year-end date the parish council had a reconciled bank position.

Monthly financial statements and supporting bank reconciliations are circulated during the monthly meetings and there is evidence of this in the minutes published to the parish council website.

#### **Section Conclusion**

The control objective of “Periodic and year-end bank account reconciliations were properly carried out” has been met.

## J. YEAR END ACCOUNTS

### **Internal audit requirement**

*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.*

The year-end accounts have been prepared on the receipts and payment basis and have been prepared using Microsoft Excel.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2022-23 AGAR.

An audit trail can be obtained from the Microsoft Excel accounting records which have been maintained and can be traced back to the cash book and the underlying records.

#### **Section Conclusion**

The control objective of “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” has been met.

## K. LIMITED ASSURANCE REVIEW

### **Internal audit requirement**

*If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick “not covered”)*

Not applicable.

## L. TRANSPARENCY

### **Internal audit requirement**

*If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.*

The parish council’s website contains up to date financial information including minutes of meetings.

The council’s code of conduct, financial statements, policies and procedures and regulations are available on the council website and are updated annually.

#### **Section Conclusion**

The control objective of “If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.” has been met.

## M. EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

### **Internal audit requirement**

*The authority, during the previous year (2022/23) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require that the statement of accounts prepared by the authority (i.e. the Annual Governance & Accountability Return (AGAR) Part 2), the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested, during a period of 30 working days set by the smaller authority and including the first 10 working days of July.

The notice commenced on 12 June 2023 and ceased on 21 July 2023. This has been published on the parish council’s website.

#### **Section Conclusion**

The control objective of “*The authority, during the previous year (2022-23) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)*” has been met.



N. PUBLICATION REQUIREMENTS

**Internal audit requirement**

*The authority has complied with the publication requirements for 2022/23 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:*

A review of the parish council website shows that the parish council posts the relevant information to its website in accordance with regulations.

The first publication to the website was completed on 23 May 2023, followed by the final publication on 22 September 2023.

**Section Conclusion**

The control objective of *“The authority has complied with the publication requirements for 2022/23 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage”* has been met.

O. TRUSTEESHIP

**Internal audit requirement**

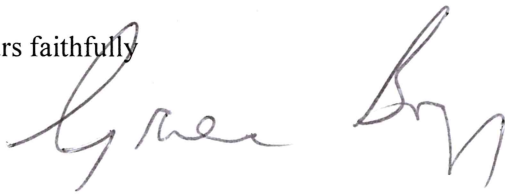
*Trust funds (including charitable) – The council met its responsibilities as a trustee.*

The council has the right to appoint a trustee to the board of Captain Cook Memorial Trust in which it has met all of its responsibilities during the year.

**Section Conclusion**

The control objective of *“The council met its responsibilities as a trustee”* has been met.

Yours faithfully



CHIPCHASE MANNERS  
384 Linthorpe Road  
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Date ..... 19 June 2024 .....