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Mr A Towlerton
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Dear Mr Towlerton

**To the Chairman and Members of Ecclesfield Parish Council
Internal Audit of Accounts for the Financial Year ending 31 March 2021
Interim Audit**

This report covers the interim audit visit for the council for the year ending 31 March 2021. Unfortunately, no visit to the council was possible again due to the effect of the pandemic and the frequent changes in working and travel arrangements, therefore the audit has again been carried out online and by discussion with the clerk.

Following that I can confirm that internal controls continue to operate as expected and there are no matters to give cause for concern with the exception of those matters detailed in the paragraphs below. Appropriate tests and checks have been carried out on the financial systems and the relevant internal controls at this stage of the audit in accordance with the internal audit plan.

Action taken and remaining to be taken on the outstanding matters raised in previous reports is noted in the paragraphs below. There are two new matters to bring to the attention of members, also detailed below.

Internal Control Objectives – Annual Governance and Accountability Return (AGAR)

Following the end of the 2018/19 financial year and difficulties in reconciling the accounts the council purchased an accounting software package bespoke to small local councils to enable accounting records to be appropriately kept, bank reconciliations to be properly carried out and complete and accurate accounting statements to be prepared to ensure that all the internal control objectives as required to be reported on the AGAR could be met for 2019/20. This was the case. However, during 2020/21 in part due to the significant difficulties in working during the pandemic but principally due to the changes in staffing and loss of staff there

have been some difficulties in maintaining the accounting system accurately. Staff have temporarily reverted to the previous system to ensure that records are kept up to date and are accurate.

From work carried out at this audit I found that although the latest bank reconciliation statement appeared to indicate that the accounts were balanced, in fact when the information was checked and corrected, they did not. In order to ensure that the internal control objectives are met for 2020/21 these issues must be resolved for the year end accounts. It is imperative for the smooth running and governance of the council that this is done.

Following his appointment in October 2020 the new clerk and Responsible Financial officer has been working through matters required to ensure these and other matters are addressed.

I am also aware that the council has commissioned some work to investigate the reasons for and solutions to the continuing and recurring staff issues which have caused difficulties in recent years.

Precept

During a previous visit I noted that the council when approving the budget for 2019/20 and agreeing the precept to be requested expressed this as a percentage increase on the previous year's precept rather than a specific amount. Councils have the power to raise money through taxation (the precept) and the council went through the proper process of determining the precept as a result of setting an annual budget. However, as a local elector it would not have been possible from the published information (the council minutes) to know how much money was being raised by taxation.

I recommended that in the interests of transparency the council should record the precept agreed and requested as an amount in pounds as well as, if wished, a percentage change. This was done, the budget and precept for 2020/21 was approved by the Finance and Premises committee, stated in pounds and recommended to full council. However full council approved the minutes of the Finance and Premises committee but did not state the amount. I recommended that this be done for the next year's budget. The 2021/22 budget was approved by full council and it was resolved that there should be no change in the precept demand for the financial year 2021/2022. Although the precept has been properly approved again it is not transparent what amount of money the council are to raise through taxation and I repeat my recommendation to include the amount for the benefit of those reading the minutes.

Council Minutes

During my review of the council's minutes I noted that a number of policies and decisions recommended to council by the Finance and Premises committee are subsequently approved. However, this is done by accepting the minutes and recommendations of that committee without any information of the matters resolved.

