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Mrs G Alcock
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Dear Mrs Alcock

**To the Chairman and Members of Embsay with Eastby Parish Council
Internal Audit of Accounts for the Financial Year ending 31 March 2020**

I am pleased to inform you that the internal audit is complete. Appropriate tests and checks were carried out on the accounts and internal controls to confirm that the systems of financial and other controls over the council's activities and operating procedures are effective. Unfortunately, no visit to the council was possible this year as the timing of the audit coincided with changed working and travel arrangements due to the pandemic, therefore the audit has been carried out online and by discussion with the clerk. Following that I can confirm that internal controls are operating as expected and there are no matters to give cause for concern.

Action taken on the matters raised in my previous report is noted in the paragraphs below. There is one new matter to bring to the attention of members which is also discussed in the paragraphs below.

The Annual Internal Auditors Report contained within the Annual Governance and Accountability Return 2019/20 has been completed as required.

Annual Governance Statement

Earlier reports recommended that the council reintroduce the register of key documents, policies and guidelines with dates for review of key documents at appropriate intervals in order to demonstrate and maintain good governance and record this formally in the minutes.

This was done and the reviews were carried out although they were carried out by a working group, not the council or a committee of the council and I recommended that following the working groups reviews the council formally adopt the documents and amendments necessary and record this in the minutes of the council meeting.

This was done.

However, during this year's audit, I note that although there is evidence that governance documents are in place the timetable has not been followed and documents have not been reviewed and adopted by the council. As part of its Annual Governance Statement the council declare that they have made proper arrangements for the safeguarding of public money and have a sound system of internal control. It is important that these arrangements are reviewed as necessary and that the review is formally minuted.

I recommend that the council review the timetable, adhere to the specified dates and formally minute their actions.

Budgetary Control

Previous reports have noted that the budget position is not formally monitored by the council and although the precept determination had been formally approved in the minutes the amount requested was not noted and I have recommended previously that these decisions be recorded within the council minutes. I note that this year the minutes did not record the determination of the precept at all and consequently the amount of precept requested was not recorded. As a local elector it is not possible from the published information (the council minutes) to know how much money is being raised by taxation.

In the interests of transparency the council should record the precept agreed and requested and as an amount in pounds.

Village Hall

The Embsay with Eastby Village Institute is a registered charity. There is a management committee independent of the council who is responsible for the management and running of the hall and who prepare accounts which are independently examined as required by the Charity Commission. The site and buildings are held on trust for these purposes by Embsay with Eastby Parish Council who are the custodian trustees. Whilst carrying out last year's audit I reviewed the arrangements between the charity and the council. The legal ownership of the building and the associated responsibilities were not clear and I recommended that the council determined these matters and took appropriate advice as to the treatment and recording of this asset and consider a formal service or management agreement with the charity regarding the maintenance of the building in their role as custodian trustees.

During the last year the council have confirmed their position as custodian trustees and have liaised with the trustees and management committee to ensure adequate insurance for the building and agreed maintenance responsibilities.

Asset Register

During my review of the council's asset register I noticed that the value of some assets had reduced or were shown as nil value. Most assets should be first recorded in the asset register at their actual purchase cost or if not known a proxy cost may be substituted. A proxy cost may be applied at the time of acquisition or first recording

