

YORKSHIRE INTERNAL AUDIT SERVICES  
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Mrs Fiona Hill  
Clerk to Gate & Upper Helmsley Parish Council  
The Byre  
Fieldhouse Farm  
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Dear Mrs Hill

**To the Chairman and Members of Gate & Upper Helmsley Parish Council  
Internal Audit of Accounts for the Financial Year ending 31 March 2022**

I am pleased to inform you that the internal audit is complete. Appropriate tests and checks were carried out on the accounts and management arrangements to confirm that the systems of financial and other controls over the council's activities and operating procedures are effective. Following that I can confirm that internal controls are operating as expected and there are no matters to give cause for concern with the exception of those matters mentioned below.

The current situation on the matters raised in my previous report is also noted in the following paragraphs together with two new matters to bring to members attention. The Annual Internal Auditors Report contained within the Annual Governance and Accountability Return 2021/22 has been completed as required. Unfortunately, I was unable to gain assurance that all of the council's controls achieved the necessary standard and as a consequence four of the required control objectives have not been met. This is detailed in the following paragraphs.

Control Objective C The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

This council has in place good arrangements for ensuring adequate financial management and ensuring that there is an adequate system of internal control including Standing Orders, Financial Regulations, a Risk Management Assessment document, and a Financial Risk Assessment.

Previous reports recommended that these documents are reviewed regularly to ensure that they remain relevant, are being adhered to and that any new risks are identified and appropriate measures put in place to address those risks.

During 2020/21 only Standing Orders and Financial Regulation were reviewed.

To Do  
Next Week

The review of Risk Management documents remains outstanding and should be carried out as soon as possible to ensure that the council continue to meet their responsibility for adequate financial management and good governance.

#### Control Objectives L, M, and N Publication of Information

These objectives concern the publication of information relating to the accounts and audit for the 2020/21 accounts and any other relevant information in line with the transparency code requirements. None of this information was published on a website at the time of the audit.

#### Payment Approvals

During 2021/22 no payments were approved by the council in the minutes. Although powers delegated to the clerk were not revoked until September 2021 retrospective approval should have been recorded as well as approval for new payments. The council must ensure in the future that all payments are appropriately authorised.

#### Budgeting and Reserves

My previous report noted that the council had not met the requirements of Control objective D which states that the precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. When setting the 2020/21 budget, despite an increase in the 2020/21 precept to £3500 to address the low level of funds in preceding years, after accounting for ring fenced funds and earmarked reserves, general reserves only equated to approximately one month's expenditure.

I recommended at that time that the council decide upon the level of working balances required before setting their precept for the next year and work towards achieving it in a realistic timescale and carry out careful monitoring of the 2020/21 budget. The general reserves at 31 March 2021 after accounting for ring fenced funds and earmarked reserves was a negative balance of £33. When the annual budget was set for 2021/22 a further increased precept of £4000 was requested for a planned budget of £4650 expenditure. Given the same earmarked reserves this could have resulted in a negative general reserve of £617 at 31 March 2022 and I urgently recommend the council to review the budget for 2021/22 to ensure that obligations could be met and to ensure that the current earmarked reserves were at a level to meet anticipated needs.

I am pleased to see that the actual position at 31 March 2022 was healthier than expected although still precarious. The general reserves after accounting for earmarked reserves represent less than one months budgeted expenditure in 2022/23. The council should continue their careful budgeting and keep the reserves under review.



## Assets

*To Discuss*

Previous reports have noted that the insured value of the council's assets (street lighting columns) is significantly lower than the value stated in the asset register. It is not clear whether the asset register value is correct, or if any or all of the street lighting columns are actually owned by the council. If they are owned by the council the recorded value would depend whether they were purchased, in which case they should be recorded at actual cost at the time of purchase, or whether they were gifted, for example as a community asset transfer, and then should be included in the asset register with a nominal one pound (£1) value as a proxy for the zero cost. I have previously recommended that the council review the ownership status of the street lighting columns and value them appropriately. I understand it has still not been determined if they are the property of the council and hence need be insured by them. The council currently pay for the electricity costs, maintenance and replacement of bulbs. If the columns are not the property of the council then they would not be responsible for all costs. I recommend again that efforts are made to establish ownership and an appropriate value.

I would like to thank Mrs Hill for her assistance during the audit.

Yours sincerely

*Janet L. Bennett*

JL Bennett  
28 April 2022

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