

## **NAILSWORTH PARISH COUNCIL**

### **INTERNAL AUDITOR'S REPORT FOR THE YEAR ENDED 31.03.2024**

I have reviewed the records and preparation of the year end accounts together with the completion of the external auditor's reports and I am happy that all the statutory requirements have been complied with and the accounts represent a true and accurate view of the Council's financial activities during the year.

In the course of the audit I came across two instances which require attention. One is poor practice and leaves the Council open to criticism the other has serious financial implications for the Council.

The first instance is of a councillor authorising the payment of award money to the Town Twinning Association, an organisation of which he is a member and will benefit from the grant. Although the councillor withdrew from discussions and voting on the award in the council meeting, this could be perceived by the public as a conflict of interest.

In the second instance I found that the Council pays the Mayor an annual allowance amounting to £900.00 which on the face of it seems to be quite reasonable. However, the problem arises because the Mayor does not have to account for how he has spent the money. The Inland Revenue would not find this acceptable practice and would insist that the Mayor pays income tax on the £900.00 and then claims the expenses through his Tax Return. The danger to the Council of the present system is that the Inland Revenue would assert that the £900.00 was a net payment and that the Council would have to pay the income tax on the grossed-up amount. Furthermore they would, as they are legally entitled to do, say the Council owed the amount for the previous six years plus a penalty which is usually equal to the back tax. I would suggest that the allowance of £900.00 is made available to the Mayor but not paid to him. He can then draw on that fund on the production of receipts.

Ian Crowe FFA.

19<sup>th</sup> May 2024