

The Chairperson  
Dalston Parish Council

Huntscroft  
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Dalston  
CARLISLE  
CA5 7JF  
24<sup>th</sup> July 2023

### Internal Audit 2022-23

I have carried out an independent examination of the Parish Council's financial statements for the year ended 31st March 2023. I carried out an interim examination of the accounting records maintained by the Parish Council earlier in the year.

Expenditure has been supported by invoices and income received has been documented and accounted for. VAT has been recovered on a timely basis.

I am pleased to confirm that the records are well maintained and securely held.

However, there are two matters which I would like to draw your attention to.

- 1) In the Parish magazine there is a Funding Appeal for Dalston in Bloom where it states that "we use the good offices of the Parish Council which hold a special account for Dalston in Bloom which enables us to make purchases at advantageous rates and reclaim VAT".

Dalston in Bloom is a separate organisation from the Parish Council and as such are not registered for VAT. Dalston Parish Council by recovering VAT on their behalf are not working within the rules of the HMRC and therefore could be fined. Last year I suggested, informally, that the references to VAT should be deleted from any Dalston in Bloom Funding Appeals but unfortunately the advice has been ignored.

The Parish Council should therefore ensure that they are not implicated by approving the wording of the Funding Appeal.

- 2) It was noted that the deposit account, currently standing at £200k+, made up of the Legacy, Precept and General Reserve. This is well above the £85,000 threshold. I understand that there will be some major expenditure in the current financial year. Nevertheless, it may be interpreted that the General Reserve Fund is excessive.

After this expenditure but it may be prudent to invest the Legacy as a separate Restricted Fund and reappraise the level of Reserve Fund

Yours faithfully

David H Couling F.I.I.A