

INTERNAL AUDIT REPORT
FOR
THURLASTON PARISH COUNCIL
FOR THE FINANCIAL YEAR
2018 - 2019

Prepared by: Bill Robinson

Issued May 2019

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Statement of Responsibility

The audit work I have undertaken was carried out based upon the Internal Audit Scope agreed with Thurlaston Parish Council

This report has been prepared solely for Thurlaston Parish Council's use and should not be quoted in whole or in part. No responsibility to any third party is accepted as the report has not been prepared, nor is intended, for any other purpose.

The matters raised in this report are only those which came to my attention during the course of the audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The Parish Council should assess recommendations for improvements for their full impact on the Parish Council's budget, financial regulations, standing orders, risk assessments, and any other activities before they are implemented.

The responsibility for a sound system of internal control rests with the Parish Council and therefore audit work performed by the Internal Auditor should not be relied upon to identify all circumstances of fraud or irregularity should there be any, although these internal audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance. Effective implementation of Internal Audit recommendations by the Internal Auditor to the Parish Council is important for the maintenance of a reliable internal control system.



Consultant

W.J.Robinson. BA(Hons) MA

74 George Street
Stockton
Southam
Warwickshire
CV47 8JT

Tel: 01926 814094
Mobile: 07732 638336
e-mail:wj.robinson@tiscali.co.uk

Thurlaston Parish Council Internal Audit

The Internal audit was carried out on Wednesday 1st May 2019 with the Parish Clerk/RFO

Accurate book keeping

- Entries to the cashbook spreadsheet were checked and found to be up to date.
- Bank reconciliation – this was checked for the following accounts and found to be correct and reconciled at the 31 March 2019
- In addition an audit trail for the following cheques was checked across all Parish Council accounts, and the results noted below.

For financial year 1st April 2018 to 31st March 2019:-

Expenditure current account

Date	Cheque No.	Minute ref.	Payee	Amount
01/04/18	000672	14 th May - 10	S.Harley	£32.94
27/04/18	000679	9 th Jul - 9	WALC.	£126.00
31/07/18	000688	10 th Jul - 10	Came & Company	£529.85
12/11/18	000690	12 th Nov -10	HMRC	£270.00
04/11/18	000691	12 th Nov - 10	S.Harley.	£31.97
01/12/18	000696	14 th Jan 19 - 10	Timber Tech	£192.00
14/01/19	000699	Mar 19 TBA	Staff	£22.50
13/02/19	000700	May 19 TBA	Edesco	£45.00
07/03/19	000702	May 19 TBA	HMRC	£244.80

All cheques listed above were found to have been dealt with in a correct manner.

The year end accounts were checked and found to be arithmetically correct to all bank statements at 31 March 2019

Precept

It was noted that the Clerk set a preliminary budget for the financial year 2018 – 2019 for discussion It was noted in the minutes of the 17th Sep 2018 meeting that budget discussions for the financial year 2019-2020 took place and an increased precept was agreed upon, this demand was sent to RBC.

Budget Controls

It was noted in minute of 14th January 2019 that the Clerk/RFO produces a finance spreadsheet with each agenda showing details of the actual expenditure on a bi monthly basis this is a good practice.

All budget controls were checked and found to be satisfactory

Bank reconciliation checked and found satisfactory.

Balances and reserves were checked satisfactorily.

It was noted that the accounts are reconciled and presented on a monthly basis to Parish Councillors – this is good practice.

It was noted in minute 14 January 2019 that the bank mandate has been updated, it is a good idea to do this on a regular basis(yearly)

It might be in the Councils interest if the Chair of the meeting initialled and dated the cashbook spreadsheet as a true record.

Agendas

It was noted that all agendas were properly signed by the Clerk to make them a lawful summons to the meeting

Income Control

It was noted that receipts were banked promptly, and the paying in spreadsheet satisfactorily checked against the spreadsheet.

It was noted VAT repayments have been received

It was noted in minute 201 of 14th May 2018 that the Parish Council's internet banking facility and the is now complete and the Parish Council should be aware of all security procedures to ensure that its finances are secure.

Payroll

All employment and tax records found to be satisfactory, with taxes properly made to HMRC using the RTI system

Sec.137 Payments

This power allows Parish Councils to spend money where there is no statutory power to do so, however this was subject in the 2018 – 2019 financial year to a limit of £7.63 per elector, it was noted that there was no expenditure under this legislation.

It should further be noted that items of Sec.137 expenditure must be identified as a separate column in either a cashbook or the equivalent spreadsheet.

It might be in the Councils interest to purchase Local Council Administration by Paul Claydon in order that the statutory powers can be identified.

Minutes of Parish Council meetings

All minutes were checked, and found to be satisfactory, properly signed by the Chair, and with no evidence of any unusual activity.

It was noted in the minutes that copies of the electoral roll have been circulated to Cllrs. Most principal authorities take the view that this photocopying breaks the GDPR and if Cllrs wish to have a copy then they must contact the relevant authority. The Clerk should contact RBC to ascertain its position on the matter.

Financial Regulations

It was noted in minutes of 9th July 2018 item 9 that the Financial Regulations have been reviewed and adopted in order to ensure that they meet Thurlaston Parish Council needs.

Standing Orders

It was noted in minutes of 14th January 2019 item 10c that the Standing Orders have been reviewed and adopted in order to ensure that they meet Thurlaston Parish Council needs.

Internal Audit Review

It was noted that the Parish Council reviewed the 2017 – 2018 internal audit for effectiveness - this is good practice and the Parish Council is to be commended

Insurance

It was noted that the Parish Council has commenced a new three year contract with Came & Company to provide insurance – it is good practice to enter into multi-year contracts where they can yield monetary benefits to the Council through lower premiums

The insurance levels were checked and found to be standard for the Parish Council requirements

Asset Register

The asset register was checked however it is unclear whether the register is an accurate reflection of the total value of the assets. The Clerk/RFO should produce a much easier to understand and accurate costings of the assets, perhaps by using another spreadsheet just detailing the asset, where it is, how many there are, and the cost. Where there is more than one asset of the same type (eg streetlights or seats) just detail the value of the individual asset and multiply by the number to get a total.

Risk Assessment

The Parish Council should consider whether there is a risk to the Clerk at the conclusion of meetings especially if the area is dark and she is the last to leave.

The Parish Council should also be aware of each parishioner's right to inspect the Parish Council accounts at a pre determined time each year, and determine whether the Clerk is willing to have any parishioner visit her home to exercise this right, or whether it would be more appropriate to use another more public venue with a Cllr. in attendance.

In addition to the above, it is incumbent upon the Parish Council to carry out a formal Financial Risk Assessment on all its equipment and this should be recorded

Health and Safety Policy

It was noted that the Parish Council has a H&S policy, but whilst this is a welcome policy it is still unclear who will be responsible for its implementation, although it is noted that the village hall committee carries out a risk assessment, it would be in the Council's interest to keep a record of these inspections.

Contracts of Employment

It was noted that the Clerk has a contract of employment.

It would be in the Council's interest to consider paying for the Clerk to become a member of the Society of Local Council Clerks (SLCC) as this gives further training possibilities, networking possibilities and general support for Clerks.

General Power of Competence

The Parish Council should consider whether the acquisition of this power could assist the Council in its day to day business

Delegation of Powers

As last year it was noted that Thurlaston Parish Council meets on a bi monthly basis and the demands of the decision making process do not fit neatly into this time frame, the Parish Council needs to be aware of the formal requirements for decision making.

It is unclear in the Standing Orders and in the Planning Committee document exactly what powers the committee or sub committee has with regard to making decisions. Committees can make decisions on behalf of the Council but this should be formally laid out in Standing Orders. A committee must act like a Council when it meets and follow the same rules on voting. Regarding sub committees the law is as yet unclear (and is likely to be so for some time). Therefore the Council should spend some time in deciding what it wants to delegate on the planning front, and then perhaps consider delegating power to the Proper Officer (Clerk) (in consultation with a planning group)

Transparency code for Smaller Authorities

It is noted that Thurlaston Parish Council now has a free to access website, and the Council is to be congratulated

Conclusion

The Internal Audit went well and no serious problems were found. Comments from the Internal Auditor are for the Parish Council to evaluate, and implement if it feels that this will help the Parish Council in running its business, however the Council must be aware that and that it can only make decisions in a lawful fashion (see delegation of Powers).

It will be noted that in the Internal Audit Report 2018/19 of the AGAR Return 2017/18 Part 3 the internal auditor marked item F as Not Covered. This does not imply that there is anything untoward regarding the Parish Council accounts, rather this is a response required by the external auditor and in the case of Thurlaston Parish Council it means that there is no petty cash. A letter to PKF Littlejohn to that effect has been added by the internal auditor, although given that Thurlaston Parish Council will declare an exemption from the external audit this will just be for the Parish Council records.

It is apparent that the Parish Clerk is competent, and the help that she gave the internal auditor shows that she is conversant with the requirements of Local Government Finance, and carries out her duties in a competent fashion

This concludes the 2018 - 2019 Internal Audit for Thurlaston Parish Council

Signed... Dated...1st May 2019
W.J.Robinson