

**INTERNAL AUDIT REPORT**  
**FOR**  
**THURLASTON PARISH COUNCIL**  
**FOR THE FINANCIAL YEAR**  
**2015 - 2016**

**Prepared by: Bill Robinson**

**June 2016**

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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 Tuesday 14<sup>th</sup> June 2016.

### 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 2016
- In addition an audit trail for the following cheques was checked across all Parish Council accounts, and the results noted below.

For financial year 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016:-

### **Expenditure current account**

<b>Date</b>	<b>Cheque No.</b>	<b>Minute ref.</b>	<b>Payee</b>	<b>Amount</b>
26/04/15	000630	183	Glasdon	£100.80
11/05/15	000635	183	WALC	£45.00
25/07/15	000642	184	J.Wykes	£371.95
16/08/15	000645	184	Came & Company	£492.67
11/10/15	000646	185	W.S.Gardens	£399.98
09/11/15	000651	185	Staff	£76.91
09/11/15	000653	186	W.S.Gardens	£199.99
28/01/16	000656	187	Rugby BC	£132.22
01/03/16	000544	187	WCC	£129.70
30/03/16	000548	188 (Draft)	Staff	£66.55

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 2016

It was noted that the chair puts a signature at the bottom of the payments list this is good practice, however it would be in the Councils interest to formally add the name and date to this list.

### **Precept**

It was noted that the Clerk has set a preliminary budget for the financial year 2016 – 2017, it would be in the Council's interest if this could be brought forward in succeeding years to September/November, in order that the Council has a clear budget setting strategy and that this is properly recorded.

### **Minutes of Parish Council meetings**

All minutes were checked, and found to be satisfactory, with no evidence of any unusual activity, however not all minute pages were sequentially numbered, and this is a statutory requirement.

In the May 2015 meeting minutes it is unclear that this is the Annual meeting of the Council, however the agenda and the minutes were written by the former Clerk, but the Council must be aware of how the agenda and minutes apply to a lawful meeting.

Not only does the Chair have to sign and date the last page of the minutes, it must be remembered that each individual page must be initialled by the Chair as a statutory requirement.

Where minutes are altered prior to the formal signing as a true record, the Parish Council should consider not only initialling the amendment, but also dating the amendments. The parish Council should be aware that as it is unlawful to alter signed minutes, initialling and dating alterations will make it clear that the alteration was prior to the formal signing.

It was noted that the Code of Conduct was adopted at an extraordinary meeting number 170a item 3c

### **Agendas**

The Parish Council should also consider adding a formal Acceptance of Apologies to the agendas as a standing item in order to make the minutes a clearer record (it should be remembered that because an acceptance of apologies is added to the agenda, this does not mean that the Council has to accept all apologies, only if the Council feels that the apology reason warrants acceptance)

The Parish Council should consider adding DPI'S and Dispensations to the agendas as a standing item in order to make the minutes a clearer record

It was noted that there was an item AOB on the agendas and minutes. The Council should be aware that decisions cannot be made on items that are not on the agenda, therefore AOB should not be on any agenda.

### **Financial Regulations**

It was noted that the financial regulations are dated May 2014, and that the Parish Council will review the latest model set of regulations from NALC and approve as necessary

### **Standing Orders**

It was noted that the standing orders were formally adopted in November 2014, and that the Parish Council will review the latest model set of regulations from NALC

### **Parish Council Policies**

It was noted that each Cllr. has taken responsibility for determining and reviewing all policies – this is good practice and the Council is to be commended.

### **Internal Audit Review**

It is unclear the Parish Council reviewed the last internal audit for effectiveness in assisting the Council meet its governance and accountability requirements, the Council should therefore formally review each internal audit and record that it has done so.

### **Risk Assessment**

It is unclear that the Council has considered what happens should the Clerk be suddenly unable to carry out her duties, whilst it noted that an external hard drive is held backing up all Council documents, this ideally should be held in a another location for security purposes. It would also be in

the Councils interest to consider another location for all documents that need to be held for a length of time e.g lockable fireproof filing cabinet in the village hall.

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.

It was noted that in the document it implies that the internal auditor will check the insurance whilst it is true that the internal auditor will check that there is insurance, however the level of insurance (including no insurance at all) is a matter for the Parish Council and its perception of the risk against the level of insurance premiums.

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.

### **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 unclear who will be responsible for its implementation (e.g. who will look at DSE requirements, and who will look at the Lone Working Directive)

### **Insurance**

Parish Council insurance checked and found to be satisfactory with more than adequate fidelity insurance. The Parish Council needs to ask why the employee dishonesty level (fidelity) is set at a level of £150,000 when the maximum funds held are approximately £5,000 in a normal year, and whether reducing this level to reflect the actual amount held at any one time could lead to a reduced premium.

The Parish Council also needs to question the revenue protection levels and whether they could also be reduced.

The hirers indemnity clause also needs to be looked at as the Parish Council has no assets that it hires to others.

Business interruption and Increased cost of working at £10,000 each should also be studied to determine whether these are appropriate

The money and assault insurance needs to be looked at, given that the Parish Council holds no cash (this insurance is more appropriate where the Clerk holds funds prior to banking)

### **Asset Register**

The asset register was checked and found satisfactory, however it must be remembered that Parish Councils do not have to depreciate assets, these are just listed at cost for the life of the asset

### **Budget Controls**

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

### **Income Control**

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

It was noted all VAT repayments are ongoing.

### **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 2015 – 2016 financial year to a limit of £7.20 per elector. 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 Council's interest to look at which power to spend was used on the repairs to the wall in the village (who owns the wall?) as listed on the I.Gall invoice.

### **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**

Given 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.

- a. The Parish Council meets and formally makes decisions on a majority basis.
- b. The Parish Council formally delegates power to a committee to meet between meetings to make decisions on behalf of the Council. However committees with formal decisions making powers have to meet like a Council, in that there must be an agenda sent to each member, posted for public notification both within the 3 clear day rule requirements. The meetings have to be open to the public and press and there must be a clerk in attendance, and formal minutes produced and signed at a subsequent meeting.
- c. The Parish Council can formally delegate power to another authority to make decisions on its behalf (this would be unusual)
- d. The Parish Council can delegate power to the Proper Officer (Clerk) to make decisions on its behalf. This is a fairly normal occurrence in other Councils, and it appears to work well, given that the amount of legislation that is coming to Parish Councils for consideration seems to be increasing on a yearly basis, this delegation of powers is something that may suit Thurlaston Parish Council.
- e. The Parish Council should remember that individual Cllrs. cannot make decisions on behalf of the Councils, neither can the Council delegate powers to individual Cllrs.


### **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 it can only make decisions in a lawful fashion.

It will be noted that in Section 4 of the Annual Return the internal auditor has marked items F and K as Not Covered and Not Applicable. 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 the Parish Council holds no petty cash nor is it a trustee, therefore it holds no trust funds. A separate letter to that effect has been enclosed for the external auditor.

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 Internal Audit for Thurlaston Parish Council

Signed...  .....Dated...27th June 2016  
W.J.Robinson