

INTERNAL AUDIT REPORT
FOR
THURLASTON PARISH COUNCIL
FOR THE FINANCIAL YEAR
2016 - 2017

Prepared by: Bill Robinson

May 2017

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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.



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Thurlaston Parish Council Internal Audit

The Internal audit was carried out on Monday 1st May 2017 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 2017
- 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 2016 to 31st March 2017:-

Expenditure current account

Date	Cheque No.	Minute ref.	Payee	Amount
09/05/16	000552	189	W.S.Gardens	£300.00
11/07/16	000558	189	W.Robinson	£60.00
06/08/16	000562	192	Came & Company	£448.33
12/09/16	000565	192	W.S.Gardens	£150.00
30/09/16	000571	194	Staff	£892.00
30/09/16	000572	194	HMRC	£223.00
24/10/16	000573	194	J.K.Timber	£8.25
14/11/16	000576	196	W.S.Gardens	£300.00
09/01/17	000580	196	Staff	£47.98
13/02/17	000583	197 (Draft)	WCC	£155.57

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 2017

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.

Section 4 of the Annual Return to Grant Thornton has been signed by the internal auditor.

Precept

It was noted that the Clerk 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. In addition it could be in the Council’s interest to utilise a budget setting mechanism like “line item budgeting” to ensure that all potential future financial requirements are captured.

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

It was noted that the Parish Council has added Declarations of Interest as a standing agenda item, however the Parish Council should consider the addition of considering whether to grant dispensations to the agenda given that Parish Councils are now responsible for the granting or otherwise of dispensations to those members with DPI’s

The Clerk is reminded that for the agenda to have a lawful summons to the meeting it must be signed by the Clerk.

Financial Regulations

It was noted that the latest model set of Financial Regulations have been reviewed in order to ensure that the meet Thurlaston Parish Council needs, and will be presented to the May 2017 meeting for acceptance.

Standing Orders

It was noted that the Standing Orders seen still include at item 3 (L) the wording that recording of the meeting is only with the permission of the Parish Council. The latest regulations make that item redundant given that it is now in statute that anyone can record a Parish Council meeting, at any time without asking permission. The parish Council should consider receiving the latest model set of Standing Orders from WALC for use.

Parish Council Policies

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

Internal Audit Review

It was noted that the Parish Council reviewed the 2015 – 2016 internal audit for effectiveness at the meeting on 25th July – this too is good practice and the parish Council is to be commended

Risk Assessment

As last year 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 Council's 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.

In addition to the above, it is incumbent upon the Parish Council to carry out a formal Financial Risk Assessment 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.

Insurance

Parish Council insurance checked and found to be satisfactory with more than adequate fidelity insurance.

It was also noted that the Clerk has addressed the issues regarding the various levels of insurance with the company and was informed that they are standard policies with standard levels of risk, the Clerk is to be congratulated on this research.

Asset Register

The asset register was checked and found satisfactory, however it must be remembered that Parish Councils do not have to depreciate assets, neither does it increase the value of these assets on an annual basis, rather 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 VAT repayments have been received .

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 £7.40 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.

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.

- 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.

The Parish Council should be aware that the determining of PC responses to planning applications from the planning authority, need to fall within the above a – e therefore the Council should review how it responds especially as power has not been delegated to the Proper Officer

Transparency code for Smaller Authorities

It is noted that Thurlaston Parish Council is not meeting its obligations under this act to give its parishioner access to a website giving disclosure of its responsibilities regarding what information must be published annually (e.g. all expenditure over £100, end of year accounts, annual governance statement, internal auditor report, with minutes including draft minutes no later than one month after the meeting has taken place and agendas)

Thurlaston Parish Council would be well advised to acquire a copy of the DCLG document "Transparency Code for smaller authorities (available to download from the DCLG website), and copy of "Governance and Accountability for Smaller Authorities in England March 2016 (available from SLCC)

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 (see delegation of Powers).

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 2016 - 2017 Internal Audit for Thurlaston Parish Council

Signed... Dated...1st May 2017
W.J.Robinson