

INTERNAL AUDIT REPORT
FOR
THURLASTON PARISH COUNCIL
FOR THE FINANCIAL YEAR
2017 - 2018

Prepared by: Bill Robinson

Issued May 2018

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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 Wednesday 9th May 2018 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 2018
- 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 2017 to 31st March 2018:-

Expenditure current account

Date	Cheque No.	Minute ref.	Payee	Amount
04/04/17	000586	May 17 - 10	HMRC	£183.20
29/05/17	000593	Jul 17 - 10	Krishna Ltd.	£120.00
10/07/17	000594	Jul 17 - 10	Staff	£46.04
12/08/17	000595	Sep 17 -10	Smartwheelie	£25.00
11/09/17	000597	Sep 17 - 10	Came & Co.	£509.47
31/10/17	000666	Nov 17 - 10	R&R Robinson	£696.00
08/01/18	000668	Jan 18 - 10	E.ON	£730.27
08/01/18	000669	Jan 18 - 10	Staff	£47.98
16/02/18	000670	Mar 18 - 9	E.ON	£100.86
12/03/18	000671	Mar 18 - 9	Staff	£52.97

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 2018

It was noted that the cheque books do not number consecutively (they cheque book numbered from 000601 to 000660 is missing). The Clerk/RFO has properly notified the bank making it aware of this missing book, therefore it should not be a problem, however the Clerk/RFO and the Council need to be aware

Precept

It was noted that the Clerk set a preliminary budget for the financial year 2017 – 2018 for discussion and determination in January (and indeed the same time frame was used for the 18-19 financial years), it would be in the Council's interest if this preliminary budget could be brought forward in succeeding years to September for discussion and determination in November, in order that the Council has a clear budget setting strategy and that this is properly recorded

Budget Controls

It was noted in minute 198 of 15th May 2017 item 10 that the Clerk/RFO will produce a finance spreadsheet with each agenda showing details of the actual expenditure on a bi monthly basis. It would be in the Councils interest to consider whether this expenditure could be compared to each budgeted item.

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

Agendas

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

It would lead to a much more transparent decision making process were all payments listed on the agenda (or on an appendix to the agenda), and all planning applications also listed on the agenda. As the agenda shows Councillors, the public, and press, what decisions the Council will be making during the meeting. This openness is indeed a requirement under the LGA 1972 SCh12, paras 10(2)(b) and 26(2)(b) whereby the agenda must specify the business which it is proposed to transact.

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 13th Nov. 2017 that the Parish Council should have an internet banking facility and the Clerk/RFO was instructed to complete the process.

It was noted in minute 203 of 12th March 2018 item 7 that the Clerk/RFO reported that the internet banking facility is now available, whilst internet banking can facilitate Council business, 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 2017 – 2018 financial year to a limit of £7.57 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.

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.

Financial Regulations

It was noted in minute 198 of 15th May 2017 item 10d 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 minute 198 of 15th May 2017 item 10d 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 in minute 198 of 15th May 2017 item 10f that the Parish Council reviewed the 2016 – 2017 internal audit for effectiveness - this is good practice and the Parish Council is to be commended

Insurance

It was noted in minute 199 of 15th May 2017 item 10f that the Parish Council will continue a three year contract with Came & Company to provide insurance.

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 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.

It was noted that on the asset register there is a monetary value for the repairs to the defibrillator, it is not necessary to list that here, just keep it as a ring fenced amount in the Parish Council reserves.

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.

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.

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 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 still not meeting its obligations under this act to give its parishioner access to a free to access 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)

Data Protection

It was noted in minute 201 of Nov 18 that the Parish Council reviewed its responsibilities and confirmed that it will conform to the requirements of the GDPR.

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 must meet its transparency obligations now, 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 2017/18 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 2017 - 2018 Internal Audit for Thurlaston Parish Council

Signed... Dated...10th May 2018
W.J.Robinson