

INTERNAL AUDIT REPORT

TO

**BERKSWELL
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2016 - 2017

Prepared by: Bill Robinson

Issued April 2017

Contents

		Page
1.	Statement of responsibility	2
2.	Detailed findings	3 -6
3.	Conclusion	6

Statement of Responsibility

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

This report has been prepared solely for Berkswell 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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Berkswell Parish Council Internal Audit

The Internal audit was undertaken on the 24th April 2017 with the Parish Clerk/RFO

Accurate book keeping

- Income and expenditure entries to the cashbook spreadsheet were checked and found to be up to date and correct
- All payments and receipts were found to be correct and supported by the requisite documentation
- All payments were supported by the proper authorisation from the Parish Council
- Bank reconciliation – this was checked and found to be correct.
- In addition an audit trail of the following cheques was carried out

The following audit trail was carried out

Payments from Berkswell Parish Council account

For year 1st April 2016 to 31st March 2017

Date	Cheque No.	Minute	Payee	Amount
14.04.16	001797	p 309	Staff	£487.54
12.05.16	001802	p 316	S.B.Green	£375.00
12.05.16	001807	p 316	Cllr.Burrows	£475.65
16.06.16	001810	p 325	HMRC	£434.40
16.06.16	001822	p 325	P.J.Roberts	£360.00
21.07.16	001825	p 332	G.R.Dawson	£684.00
21.07.16	001831	p 332	Cllr.Burrows	£150.00
21.07.16	001836	p 332	S.B.Green	£210.00
16.09.16	001842	p 339	WALC	£744.00
16.09.16	001844 -01848	p 339	Allowances	£663.60
13.10.16	001857	p 350	S.B.Green	£187.50

Date	Cheque No.	Minute	Payee	Amount
10.11.16	001866	p 357	BC Village hall	£14.00
08.12.16	001874	p 365	K.Howles	£144.24
08.12.16	001880	p 365	Berkswell School	£2500.00
12.01.17	001888	p 374	S.B.Green	£90.00
09.02.17	001894	p 384	B&B Jubilee project	£30.00
16.03.17	001899	p 394	HMRC	£1642.83
16.03.17	001908	p 394	Stansgate	£6000.00

All cheques were found to be matched to the individual invoice, and permission to pay properly recorded in the minutes

All income was banked in a prompt manner and properly recorded

It was noted that a Councillor is purchasing items for the Parish Council and reclaiming the funds, whilst there is nothing wrong with this arrangement it would be better if the Parish Council set up an account with the supplier and the Clerk/RFO could put the invoice directly as an agenda item for payment. This would insulate the Councillor from any potential criticism.

Year End Accounts

The accounts for the financial year 2016- 2017 as shown to the internal auditor were checked and found to be arithmetically correct and properly reconciled to the bank statements. Section 4 of the annual year end form to the external auditor was signed by this internal auditor and the booklet completed.

Receipts and payments book

There is no cashbook and all financial transactions of the Parish Council are recorded on a spreadsheet set up by the Clerk/RFO, which was checked and found to be correct.

Sec.137 Payments

It was noted that for Berkswell Parish Council the Sec.137 payments for the financial year 2016-2017 was £19,477.50 and the payments under this power were well within the limit.

Income Control

It was noted that some previous VAT repayments have been properly claimed, with the 2016-2017 VAT claims to be made by the Clerk/RFO as soon as practicable.

It was noted that all 3 Parish Council accounts have been checked and found to be reconciled to the bank statements.

It was noted that quarterly budget spreadsheets are produced for Councillors to monitor, and that an individual Councillor reviews the accounts on a regular basis.

It was noted that the accounts are backed up to a standalone hard drive, and also to the Google cloud.

It might also be in the Parish Council's interest having regard to a potential RFO/Clerk succession problem to consider the adoption of a bespoke financial software package with Councillor read permissions and cloud storage.

Budget Controls

It was noted that the bank mandate and cheque signatories were clarified and formally minuted on p 315 item 12.

It was noted that the Annual Governance Statements and the Accounting statements were approved by the Parish Council and minuted in page 318 item 23

It was noted that in minute page 358 item 14 that an advisory group has been set up to prepare a proposal for the annual budget discussions.

It was noted that no loans were raised by the Parish Council

Petty Cash

It was noted that Berkswell Parish Council does not operate a petty cash scheme.

Standing Orders

It was noted that the current Standing Orders are dated September 2015, and they therefore need to be reviewed (at least annually)

Financial Regulations

It was noted that the Financial Regulations have been reviewed and dated September 2016. It was also noted that all changes to the NALC model regulations has been detailed at the front of the document – this is good practice and the Council is to be commended.

It was noted in minute page 344 item 12 that the parish Council approved the changes

Asset Register

It was noted that all assets (including land) have been reviewed and listed, and that the Clerk/RFO is reviewing the register for its accuracy.

Minutes of the Parish Council meetings

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

It was noted in minute page 321, that members of committees, representatives to other bodies, and liaison members, were formally appointed

Agenda

All agendas have been properly made and signed by the Clerk

Internal Audit Review

It was noted that the Parish Council has reviewed the 2015-2016 internal audit for effectiveness and is dealing with all the issues raised as a formal review system. This was noted in minute page 318 item f.

Risk assessment

It was noted in minute page 318 item 24 that the risk management schedule has been updated

It was noted that a risk management assessment regarding trees has been carried out by Midland Forestry for the Parish Council, and the Council has hired Risk Safety Consultants to look at all risks to parishioners, this attitude to public safety is to be commended.

In addition the Parish Council has carried out a risk assessment of its financial controls, to ensure that the public finances are adequately controlled, should the Clerk be unable to carry out his functions

Payroll

This is now being carried out by Dianne Malley and is functioning properly with all relevant taxes and NICS being identified on a monthly basis.

External Contracts

It was noted that in March 16th page 366 item 12 the Parish Council reviewed all external contracts on a three yearly basis, and uses the best value concept for determining the placement of these contracts.

Insurance

It was noted that the Parish Council has insured its assets, and the Clerk/RFO determined from the insurer that those items raised at the previous internal audit were part of a standard contract and removing them could actually cost the Council more than the standard insurance fee.

Grants Policy

It was noted that a new grants policy was agreed by the Parish Council and minuted on minute page 366 item 14.

Complaints Procedure; Press and Media Policy; Health and Safety Policy

The above policies are all online and will be reviewed at the Annual Meeting of the Parish Council.

Conclusion

Whilst undertaking the Internal Audit, it is apparent that the current Clerk / RFO has undertaken his responsibilities to the standard required by the Governance and Accountability in Local Councils, and the Parish Council is also carrying out its duties with regard to that document.

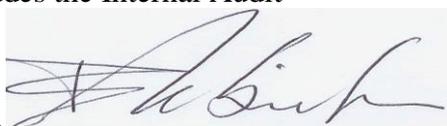
The Parish Council and Clerk/RFO are to be commended on their attitudes towards the internal audit responses, financial responsibilities, responsibilities to the parishioners, and to the quality and openness of their website

Where I have commented on potential future actions, these are not criticisms as such; rather they are issues for the Parish Council to consider.

It will be noted that in Section 4 of the Annual Return the internal auditor has marked items F & K as Not Applicable and Not Covered. This does not imply that there is anything untoward regarding Berkswell Parish Council accounts, rather it is a response required by the external auditor, and in the case of Berkswell Parish Council it means that the Parish Council holds no petty cash neither is it a trustee,. A separate letter to that effect will be enclosed for the external auditor.

This concludes the Internal Audit

Signed.....
W.J.Robinson



Dated... 26th April 2017