

INTERNAL AUDIT REPORT

TO

**BERKSWELL
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 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 4th May 2018 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 2017 to 31st March 2018

Date	Cheque No.	Minute	Payee	Amount
13.04.17	001916	p 403	Greenline	£187.50
13.04.17	001919	p 404	WALC	£747.45
18.05.17	001923	p 412	Midland Forestry	£3708.00
18.05.17	001930	p 413	A.ON	£799.36
15.06.17	001939	p 424	HMRC	£559.78
15.06.17	001948	p 424	D.Hitchcock	£36.00
20.07.17	001951	p 434	G.R.Dawson	£752.40
20.07.17	001960	p 434	Royal Mail	£318.00
14.09.17	001975	p 443	S.Bentley-Green	£187.50
14.09.17	001983	p 443	Berkswell Scouts	£4,000.00
12.10.17	001996	p 456	B'well & B'all Jubilee	£3,500

Date	Cheque No.	Minute	Payee	Amount
09.11.17	002001	p 456	Ove Arup	£12,882.00
09.11.17	002009	p 463	S.Bentley-Green	£280.00
07.12.17	002022	p 471	PCC	£125.00
07.12.17	002025	p 471	F.Weetman	£282.00
11.01.18	002030	p 480	C.Joyner	£128.00
08.02.18	002040	p 491	L.U.C.	£10,728.00
15.03.18	002050	p 498	HMRC	£588.78
15.03.18	002057	p 499	G.R.Dawson	£752.40

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 2017 - 2018 as shown to the internal auditor were checked and found to be arithmetically correct and properly reconciled to the bank statements. The Internal Audit requirements of the AGAR of the annual year end 2017 -2018 was signed by this internal auditor.

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 2017-2018 under this power were well within the limit.

Income Control

It was noted that the VAT repayments for the 2017-2018 financial year will 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.

Budget Controls

It was noted in minute page 445 item 13 and minute page 490, item 14 that an internal review of the 2017-18 cashbook spreadsheet was undertaken –this is good practice and should be repeated.

It was noted in minute page 464 that an individual Councillor has undertaken a verification of bank reconciliations from July to September and will be carried out on a quarterly basis. This is good practice but the Council should alternate the Councillor carrying out this verification.

It was noted in minute page 472 item 13 that a projection of reserves is produced.

It was noted in minute page 480 item 14 that a budget and precept extraordinary meeting was convened on January 18th to prepare for the 2018-19 financial year,

It was noted in minute page 484 item 6a, b, & c, that the budget and precept level were formally discussed and approved, the Council is to be commended.

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 in minute page 446 item 16 that the current Standing Orders will be updated, approved and available on the website before end September 2017.

It was noted in minute page 456 item 13a that these orders have been approved and are on the website.

It may be in the Council's interest to consider the latest model Standing Orders from NALC and whether they can improve the meeting procedures.

Financial Regulations

It was noted in minute page 446 item 16 that the current Financial Regulations will be updated, approved and available on the website before end September 2017.

It was noted in minute page 456 item 13a that these regulations have been approved and are on the website.

It may be in the Council's interest to consider the latest model Financial Regulations from NALC and whether they can improve the financial procedures of the Council.

Asset Register

It was noted in minute page 446 item 20 that a review of land and assets will take place.

It was noted in minute page 456 item 13c, 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 in minute page 413 item 22 that the Parish Council has reviewed the 2016-2017 internal audit for effectiveness and is dealing with all the issues raised at a formal review. The internal report was added to the Parish Council website

External Audit

It was noted in minute page 413 items 24 and 25 that the annual governance and annual accounting statement were approved

It was noted in minute page 413 item 25 that the period for the exercise of public rights was adhered to public

Risk management assessment

It was noted in minute page 446 that report on physical assets has been commenced and will be reviewed on a quarterly basis.

It was noted in minute page 432 that an emergency evacuation procedure is now part of the risk management schedule, with the Chairman instructing all attendees on the procedure

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, however it is unclear that a formal policy is in place (for instance is the Council aware of WALC locum Clerks list)

Payroll

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

External Contracts

It was noted that Parish Council reviewed all external contracts and are now on the Parish Council website

Insurance

It was noted that maven insurance has now ceased to operate, however the Parish Council is insured until June, and a new insurance contractor will be chosen from a list of companies at the May 2018 meeting.

Grants Policy

It was noted in minute page 411 item 17 that the current grants policy will be reviewed next year.

Complaints Procedure; Press and Media Policy; Information and IT Policy

It was noted in minute page 411 item 17b,c,&d that the above policies will be reviewed by an ad hoc group of Councillors with recommendations to the Parish Council

Website

Given that the GDPR requirements will be in place soon, it may be in the Council's interest to consider putting all Parish Councillor email addresses within the website,.

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 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 Berkswell 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

This concludes the Internal Audit

Signed.....
W.J.Robinson



Dated... 4th May 2018