

Stockton Parish Council Internal Audit Year Ending 31 March 2017

In accordance with the instructions I received from the Clerk of Stockton Parish Council, Mr W Robinson, I have conducted an Internal Audit of the Parish records for the period 31st March 2016 to 1st April 2017 and the report below sets out my findings and conclusions. The Internal Audit was undertaken over two days concluding on 5th May 2017.

Mr Robinson informed me that Stockton Parish Council had updated their web site as a result of the Government's directive 'Transparency Code for Smaller Authorities' which requires smaller Council's to publish their policies and procedures. As part of the Internal Audit, I have undertaken a review of the web site and appreciate all of the hard work that has been undertaken bringing everything up to date.

Proper book keeping

- Receipt and payment entries in the cashbook were checked and found to be up to date, correct and supported by the appropriate documentation.
- All payments were properly authorised by a member of Stockton Parish Council.
- All receipts were banked in a timely manner
- In addition an audit trail of the following cheques was carried out:-

Payments

For year 31st March 2016 to 1st April 2017

<u>Cheque Number</u>	<u>Amount</u>	<u>Payee</u>
1. 001106	£1,110.00	BJ Gascoigne Building Conts.
2. 001118	£ 77.00	SLCC
3. 001133	£ 160.67	E.On
4. 001145	£ 350.00	Fisher German
5. 001159	£ 30.00	R Mingins
6. 001172	£ 15.00	R Stephenson

Deposits/Receipts

For year 31st March 2016 to 1st April 2017

<u>Paying In Book No.</u>	<u>Amount</u>	<u>Payee</u>
7. 500102	£350.00	Stockton FC-CC
8. 500132	£ 28.00	A Cox (Core Strategy)
9. 500138	£150.00	B Tomkins Interment

Checks were made of all invoices and receipts to the end of year and there were no discrepancies to be found. All cheque audit trails were satisfactory, with all cheques matched to the correct individual invoice.

Evidence was found in the minutes that a Budget Report and bank reconciliation had been prepared and presented to Stockton Parish Council on a regular basis.

Standing Orders and Financial Regulations

- There is evidence that Stockton Parish Council has reviewed their Financial Regulations as they have been uploaded on to their web site. However, as mentioned in previous years, the Financial Regulations state that the Clerk (7.1) shall be responsible for the payment of his own Tax and National Insurance contributions. Consideration could be given to altering the Financial Regulations to reflect the change in the Clerk's circumstances. The copy of the Financial Regulations on the Stockton PC web site is dated as the July 2011 version. Consideration could be given to amending the date on the web site to reflect when they were last amended.
- There is evidence that Stockton Parish Council reviewed their Standing Orders and a copy is available to view on their web site, however the document is dated 15th June 2015. Consideration could be given to amending the date on the web site to reflect when they were last amended.
- All payments are supported by invoices and they have been properly authorised by the appropriate Officer/Member within Stockton Parish Council. There is also evidence that the details have been correctly recorded with the corresponding cheque numbers.
- There is also evidence that VAT payments have been correctly identified for the Year ended 31st March 2016 in the cash book. However, there is no evidence that they have been reclaimed. As mentioned in previous years, claims can be made on a regular basis as long as there is a minimum of £100.00 to reclaim. As the amount that would be claimed for the year is over £100.00 consideration could be given to making a claim more regularly.
- It was noted that there have been no payments recorded under Section 137 for the financial year as the Internal Auditor believes that Stockton PC has adopted the General Power of Competence.
- There was no evidence of any loans in place.

Risk Management Procedures

- A full review of the minutes has been carried out and there appears to be no unusual activities identified.
- There is evidence that a Risk Assessment was undertaken and reviewed for the year 2016/17 and there is a copy available on the web site under the Policies and Procedures Page. However, this document was not dated on the web site.
- There is evidence that a Cemetery Safety Audit was carried out in September 2016 and it was noted that nothing has changed since the last Review. However, last year, it was highlighted that there were a number of concerns regarding safety issues with the existing monuments in the Cemetery. Taking this into consideration, the Internal Auditor recommends that Safety Audits are carried out on a regular basis.
- It was noted that Came and Company are the Insurers for Stockton Parish Council and there is evidence that the level of cover is adequate, which was minuted. However, there are no supporting up to date documents, therefore, I was unable to ascertain whether the amount of cover was adequate.

- The Index to Register of Burials was not included in the documents given to me therefore, I was unable to verify the accuracy of the Index without an appropriate inspection.

Budgetary Controls

- There is evidence that Stockton Parish Council has considered the level of precept and that it remains the same amount of £20,903 for the financial year 2016/17 due to identified expenditure.
- There is evidence in the minutes that a monthly Budget Monitoring Statement is prepared by the Clerk and sent to all Councillors electronically. It appears that the budget for Stockton Parish Council supports the level of precept requested.
- The Internal Auditor noted that significant and unexplained variances had been identified and explanatory notes provided on the documents provided for the External Auditors.
- As in previous years, no supporting documentation was provided regarding the cheque signatories on the Treasurers Account at Lloyds. The Internal Auditor assumes that the signatories have not changed since 2002 when they were last updated.
- It was noted that the Budget Monitoring Statement in the file provided stated that VAT payments totalled £0.00 against an amount of £1,500 in the budget. I was not able to verify whether a VAT claim was made during the financial year.

Income Controls

- All income seemed to be recorded and promptly banked.
- The precept received is in accordance with the precept demand on S.D.C.

Petty Cash

- There is no petty cash which has been identified and this has been recorded appropriately on the explanatory sheets for the External Auditor.

Payroll Controls

- The Clerk appears to be the only employee and as I have stated in previous years, a review of his Contract of Employment should be reviewed annually. The Internal Auditor has seen evidence of Mr Robinson's tax liability for the year 2016/17 had been discharged.

Assets Controls

- It was noted in the minutes dated 19th September under 'matters arising from the minutes of 15th August' that a decision to remove the Village Hall from the Council's Asset Register was taken and that it would be registered as an asset of community value with SDC. It was noted that the Village Hall was still included on the Asset Register. It was also noted that the Community Assets Register is dated 31st March 2014 on the web site, although there is a hard copy available dated 31st March 2017.

Bank Reconciliation

- There is evidence that regular bank reconciliations are carried out in the cash book, together with the provision of a statement for members of Stockton Parish Council.
- There are no unexplained entries.

Register of Interests

- There is evidence on the Stockton PC web site that there is a Register of Members Interests, however, unfortunately, the details were not clearly legible.

Quotations

- The quotations which were included in the Administration File applied to previous financial years.

Year End Procedures

- The year end accounts have been prepared on the correct accounting basis of receipts and payments.
- The accounts agree with the cash book.

The accounts and associated records and documents which were examined were found to be accurate and well maintained by the Clerk. The above points are brought to the Council's attention, not by way of criticism, but for their consideration:

As I have mentioned in previous years, it was noted that Stockton Parish Council has cash reserves of over £88,000 on deposit in the Treasurers Account at Lloyds Bank plc. Whilst the Internal Auditor understands the need for a cash reserves, consideration could be given to moving a portion of the funds on deposit to an account which would generate a higher interest rate. It was noted that the Clerk agreed to obtain alternate savings arrangement in the minutes dated 20th June 2016.

Conclusion

Stockton Parish Council's accounts and documents are maintained satisfactorily and up to date. The comments mentioned are made by the Internal Auditor for Stockton Parish Council to evaluate and implement, if they feel that they are necessary and they will help the Council in the running of its business.

**Gill Bailey, CiLCA
Parish Clerk (Beaudesert & Henley Joint Parish Clerk & R.F.O.)**

May 2017