

INTERNAL AUDIT REPORT

FOR

**CHADWICK END
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2018 - 2019

Prepared by: Bill Robinson

Issued June 2019

Contents

		Page
1.	Statement of responsibility	2
2.	Detailed findings	3 -7
3.	Conclusion	7

Statement of Responsibility

The audit work I have undertaken was carried out based upon the Internal Audit Scope agreed with The Responsible Financial Officer of Chadwick End Parish Council

This report has been prepared solely for Chadwick End 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.



Consultant

W.J.Robinson. BA (Hons) MA

74 George Street
Stockton
Southam
Warwickshire
CV47 8JT
Tel: 01926 814094
Mobile: 07732 638336
e-mail: wj.robinson@tiscali.co.uk

Chadwick End Parish Council Internal Audit

The Internal audit was undertaken on 7th May and 7th June 2019, at Chadwick End Village Hall

Accurate book keeping

- Income and expenditure entries to the spreadsheet were checked and found to be up to date and correct.
- All payments and receipts were found to be correct and supported by 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.

For year 1st April 2018 to 31st March 2019

Current Account

Cheque no.	Amount £	Payee	Minute Ref.
000188	£305.50	Fairways	18/51
000189	£339.81	L.Cartwright	18.51
000190	£1074.00	R.Horsfield	18/51
000193	£2723.50	R.Horsfield	18/51
000197	£305.50	Fairways	18/66
000198	£431.84	L.Cartwright	18/66
000213	£50.00	S.Davies	18/84
000216	£400.00	TNT Tree Care	18/84
000219	£210.00	R.Horsfield	92.18
000228	£119.00	M.Walsh	92.18
000230	£210.00	Emms IT	5/19
000234	£351.18	M.Walsh	5/19
D.Debit	£103.09	E.ON	19/18
000061	£305.50	Fairways	32/19
DD.Debit	£171.50	Water Plus	32/19

Not all cheques were found to be matched to the individual invoice and minutes. Cheque number 000189 had the value in the minutes as £21.00 when the cheque book read £339.81. This was due to the RFO at the time adding the salary of the Clerk to the invoice making the total to £339.81 from

£21.00. there is nothing wrong with adding more than one invoice to a single cheque but it must be done in a way that is easily and clearly understood by all. Also the Parish Council should have cross referenced the cheque to the minutes (remember it is the Council who is ultimately responsible for its finances).

It was noted that cheque number 000193 was made out incorrectly and returned from the bank unpaid. The Parish Council should either have altered the cheque with the cheque signatories initialling the alteration, or properly made out a new cheque out correctly and formally cancelled the original cheque.

It is also unclear to what cheque 000198 actually refers, as only one invoice could be found. If multiple invoices are paid with one cheque the invoices should be held together.

All other cheque audit trails proved satisfactory.

Cheque book for invoices in April , May, and June 2019 were not found

Year End Accounts

The year end accounts for the financial year 2018-2019 were checked and found to be arithmetically correct across all accounts to the figures shown.

Receipts and payments

These were checked and the spreadsheet found to be correct, with all income properly banked correctly.

Income Control

It was noted that there all receipts including the precept were paid directly to the Chadwick End Parish Council bank account.

It was noted that all outstanding VAT repayments to 31st January 2019 have been made, the balance to 31st March 2019 will be made soon

It was noted that bank standing orders and direct debits are used correctly, this is good practice

Budget Controls

It was noted that a proper budget spreadsheet was produced and presented to those Councillors with financial responsibility and is available to all Cllrs for every meeting (now monthly).

It was noted that all Cllrs received a monthly bank reconciliation from the Clerk/RFO.

It was noted in minute 18/82 that a precept proposal for a 3% increase was made to the Parish Council, and it was agreed that a Cllr. and the Clerk will make a draft budget long these lines.

It was noted in minute 5/19 that the annual budget and precept levels were approved after discussion of the draft budget

Loans

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

Petty Cash

It was noted that Chadwick End Parish Council does not operate a petty cash scheme, and this information will be forwarded to the External Auditor.

Annual Return

It was noted in minute 18.08 that the Annual Governance Statement was approved, and the Annual Accounting Statements were received and approved.

Agendas

It was noted that all agendas were properly constructed and dated, but must be signed by the Clerk to make it a lawful summons.

It should be noted that Council meetings are convened by the Chair.

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 18/05 that a new vacancy for a Cllr has occurred, it is unclear that the Parish Council followed the casual vacancy process.

It was noted in minute 18/11.3 that Cllr.Horsfield would get quotes for maintenance work on the village hall. The Council is reminded that all quotes should be obtained and received by the Clerk to ensure that Cllrs. have no conflicts of interest in the awarding of contracts.

It was noted in minute 18/17 that Cllr.Horsfield was given a budget for the purchase of a microwave oven, all budgets should be given to the Clerk in order that Cllrs have no conflicts of interest.

It was noted in minute 18/38 (and others) that the meeting was closed for public session, this should be reworded to ensure that that it is only the public forum for comment that is closed, and the normal meeting continued.

It should be remembered that individual Cllrs cannot make decisions on behalf of the Council, these can only be properly delegated to a committee or the Clerk

It was noted in minute 18/43 that a paid bar for what appears to be a private dance lesson session was approved. Was this £100 from Parish Council funds? and if so under what power could this money be spent?

It was noted in minute 18/75 that a budget of £500 was approved for a Christmas event in the village hall, together with a budget of £200 for Christmas lights, this is a lawful expense provided it is for the parishioners.

It was noted in minute 12/19 that part of the meeting was closed to the public and press. The parish Council should be aware that although the public and press can be excluded it must be by resolution only under Public Bodies (admissions to meetings) Act 1960

It was noted that the minutes of the Annual Meeting of the Parish Council have been held with the minutes of the Annual Meeting of the Parish, and approved at the next AGM in May 2019. The minutes of the Council Annual Meeting should be signed at the meeting of the following month and kept in month order.

AGAR 2017-2018

It was noted that it was recorded that the external auditors report showed no significant issues

Financial Regulations

It was noted that the Financial Regulations were reviewed and approved at the Parish Council meeting on 23/11/2017, and the Clerk will set a new set of regulations before the Council for approval. This document was reviewed online, and it was noted that regulation 1.5 states that the Council must review its system of internal control.

Standing Orders

It was noted that the Standing Orders were reviewed approved at the meeting of the Parish Council on 23/11/2017. This document was reviewed online. The Clerk will set a new set of regulations before the Council for approval. It was noted in order 3 states that the meeting will be open to the public and

press but may be temporarily excluded if business is regarded as confidential. It may be in the Council's interest to add "by resolution only" (see comment in minutes)

Asset Register

Chadwick End Parish Council asset register was checked and found satisfactory with all values reflected in insurance

Internal Audit Review

Chadwick End Parish Council should review each internal audit for effectiveness
It was noted in minute 19/18 that an internal auditor for 2018-2019 was appointed

Insurance

Parish Council insurance was checked and found to be satisfactory to meet Chadwick End Parish Council's requirements.

Payroll

It was noted that the company CAVA has taken over the payroll for Chadwick End Parish Council, with all payroll taxes and NICS being properly dealt with

Risk assessment

It was noted that the Risk Assessment policy of the Parish Council was reviewed online and found to be reviewed and approved in January 2018. This is a good document, but it might be worth identifying the risk should the Clerk/RFO suddenly not be able to carry out her functions

It was noted that there is now a home and lone working policy which was seen online and the Parish Council is to be congratulated on this document.

It was noted in minute 35/19 that a play inspection report was received with all items risk rated from 1 – 12 with future actions based on this rating. Records of this inspection were seen and the Council is to be congratulated.

Sec.137 Payments

It is unclear how much this power has been used in the 2018-2019 financial year although a record should be kept of each usage (as there is a limit to the annual amount that can be used, but it has been noted that the new Scribe financial package for the Parish Council accounts has a line item for this power.

Contract of Employment

It was noted that the Clerk/RFO has a proper contract

Parish Council Policies

It was noted that in addition to the Standing Orders, Financial Regulations, and Risk Assessment policy the following Parish Council are also held online:-

Annual Governance Statement

Complaints Procedure (this is a good document but it is not clear when it was reviewed and approved)

Health and Safety Policy (this is a good document but it is not clear when it was reviewed and approved)

Equal Opportunities Policy this is a good document and the Parish Council is to be commended as it shows the Council understands its obligations under the 2010 Act.

Given that there is a spreadsheet for receipts and payments the Parish Council may wish to consider adding this to the website to show expenditure on an annual basis (the Council must show all expenditure over £100)

General Power of Competence

It was noted that there are now enough elected Councillors for the acquisition of this power, the Council should consider whether it will encourage the Clerk to complete CiLCA.

Data Protection FOI and Transparency

It was noted that IT equipment has been purchased to enable the Parish Council to fulfil its requirements under the Transparency Act, and to that end the website meets these obligations, and the Council is to be congratulated on the ease of which the website can be accessed.

Policies also on the website:-

Complaints procedure, Health and Safety Policy, Code of Conduct, these policies should be reviewed regularly for effectiveness.

Conclusion

Whilst undertaking the Internal Audit, it is apparent that the Clerk is carrying out her responsibilities to the standard required by Local Government Finance Regulations.

Where I have commented on future actions, these are not criticisms as such; rather they are only issues for Chadwick End 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 Chadwick End 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... 7th June 2019