
Maiden Bradley with Yarnfield Parish Council

Internal Audit Report 2017-18

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*For and on behalf of
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Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Return.

This report sets out the work undertaken in relation to the 2017-18 financial year, which took place on 31st May 2018.

Internal Audit Approach

In undertaking our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / Annual Return. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' as part of the Council's Annual Governance and Accountability Return (AGAR) process, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

We have concluded that, based on the satisfactory completion of our programme of work for the year, the Council has again maintained adequate and effective internal control arrangements. We are pleased to report that there are no issues arising this year warranting formal comment or recommendation.

We take this opportunity to acknowledge the quality of records maintained by the Clerk and thank her for her assistance which has ensured the smooth progress of our review process.

We have completed and signed the 'Internal Audit Report', having concluded that the control objectives set out in that Report have been achieved within the financial year to a standard adequate to meet the needs of the Council.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk has maintained the Council's accounting records using Excel spreadsheets, which we consider generally adequate in view of the number of annual transactions. The Council maintained one bank account with the Unity Trust Bank and continues to make all payments electronically.

We have checked and agreed the spreadsheet detail in full to the relevant statements for the full financial year, also verifying the accuracy of the year-end cashbook / bank reconciliation ensuring that no long-standing uncleared cheques or other anomalous entries exist. We have consequently verified the accurate disclosure of the year-end balance in the Annual Return.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Review of Corporate Governance

We have examined the content of the Standing Orders revised in the current financial year to reflect the legislative changes in EU Regulations and general procurement arrangements, which have been updated in line with the latest NALC Model Document. The limit for formal tender action recorded in both documents remains set at a level of £15,000. Both documents were readopted in the May 2017 meeting of the Full Council.

We have reviewed the Council's minutes for the current year to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability and are pleased to record that no such items appear to exist at present.

Conclusion

A minor issue arose in this area of our review, where the minute referencing for the year had restarted at 35 in the June minutes of the Full Council as a result of the prior month's minutes being used as a template for the new month. This was discussed with the Clerk during our review, who has now put measures in place to ensure that this error is not repeated in future years.

Review of Payments

We have reviewed all payments made during the year to ensure that the following criteria were met: -

- Payments were supported by a trade invoice or acknowledgement of receipt.
- VAT has been calculated correctly and is recovered at appropriate intervals.
- The Council at a Council meeting approved each payment.
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts.

We also note that VAT returns have been prepared for the 2017-18 financial year, the in-year claims, together with the 2017-18 year-end reclaim being repaid by HMRC during the financial year with the outstanding balance for the year being reclaimed at the start of 2018-19.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Assessment and Management of Risk

We are pleased to note that the Council has again reviewed and formally re-adopted its Risk Assessment documentation at the April 2017 meeting of the Full Council. The clerk continues to use the financially oriented risk register used by a neighbouring parish, to form the basis of the Council's register.

The Council's insurance cover was provided in FY 2017-18 by Came & Co. We have examined the insurance schedule noting that Public and Employer's Liability cover are each in place and set at £10 million respectively, Officials & Trustees Indemnity at £500k, Fidelity Guarantee at £150,000 and Business Interruption at £10,000: we consider these levels appropriate for the Council's present needs.

Finally, in this area of our review, we note that the council has a play area and recreation ground at Maiden Bradley which is leased at a peppercorn rent. A robust monthly Health & Safety Check is conducted by a councillor and the report is returned to the Clerk for her retention. All playground Health & Safety reports appear as an Agenda item at the meetings of the Full Council, remedial actions resolved and formally minuted.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Budgetary Control and Reserves

The Council's minutes, together with the supporting papers provided to Council indicate that members, once again, undertook a robust and well documented Budget setting and Precept determination process. They considered and approved the 2018-19 budget and precept, setting the latter at £15,730.08 in the December 2017 meeting of the Full Council. We are also pleased to note that Councillors continue to receive regular income and expenditure reports along with bank balance detail at each meeting.

We are pleased to note the marginal improvement in the level of retained reserves at the close of 2017-18, which have increased to £5,856 (£4,969.74 at 31st March 2017). The residual General Reserve balance equates to approximately four months' revenue spending at the 2016-17 level, which sits comfortably within the CiPFA recommended levels of between 3 and 6 months spending at the prior year level.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Review of Income

The Council receives only limited income, mainly from the annual precept, grants, small donations and contributions from other Parish Councils towards joint expenditure and bank interest.

As indicated in the first section of the report, we have again reviewed the year's bank statements and other available supporting documentation in full agreeing detail to the cashbooks.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Petty Cash Account

The Council's policy is not to maintain any form of cash float with any out-of-pocket expenses incurred by the clerk or members reclaimed and paid in line with normal trader payment procedures. Subsequently, there are no issues which arise in this area of our review warranting formal comment or recommendation.

Salaries and Wages

We have, as in previous years, checked the basis of the clerk's salary payments for the year, together with relevant tax deductions, which are paid over to HMRC accordingly with no issues identified.

We note that the Clerk received a formal appraisal during the Budget Setting and Precept determination process and resultantly was granted a pay award for FY 2018-19 which increased her SCP to 24, effective from the 1st April 2018.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Fixed Asset Registers

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We are pleased to note compliance with this requirement, the Clerk maintaining an appropriate register with values identified both at cost price, or where unknown, at the best approximation thereto, together with the annually uplifted insurance value to assist with budgetary planning for future replacements.

We have noted that the Asset Register has been updated appropriately during FY 2017/18 and that the revised total value of £38,197 has been correctly reflected in the value reported in the year's Annual Return at Box 9 of Section 2.

Conclusion

There are no issues which arise in this area of our review warranting formal comment or recommendation.

Investments and Loans

The Council has no funds in investments and has no third-party loans either payable or receivable. Subsequently, there are no issues which arise in this area of our review warranting formal comment or recommendation. However, we take this opportunity to remind members of the new Statutory Guidance on Local Government Investments from the 1st April 2018-19 strongly encourages all parish councils to develop an investment strategy, providing their total investments exceed or are expected to exceed £10,000 at any time during the financial year.

Statement of Accounts and Annual Governance and Accountability Return

The Accounts and Audit Regulations, as amended periodically, require all councils to prepare annually a Statement of Accounts, which is now in the form of the Annual Governance and Accountability Return at Section 2, which is, together with the Annual Governance Statement at Section 1, subject to independent external audit examination and certification.

As part of our review process, we have examined the Council's procedures in relation to the identification of detail for inclusion in Section 2 of the Return, which is produced using Microsoft Excel spreadsheets, and used by the Clerk & RFO to provide the accounting statements. We have agreed detail therein to Section 2 of the 2017-18 Annual Governance and Accountability Return.

Conclusions

We are pleased to record that no issues arise in this area and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Report in the year's Annual Governance and Accountability Return assigning positive assurances in all areas.