

INTERNAL AUDIT REPORT

TO

**BERKSWELL
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2019 - 2020

Prepared by: Bill Robinson

Issued June 2020

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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 remotely on the 5th June 2019.

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 2019 to 31st March 2020

Date	Cheque No.	Minute	Payee	Amount
18.04.19	002175	p 610 - 28	C.Joyner	£599.72
16.05.19	002181	p 617 - 28	J.Hickin	£187.50
16.05.19	002184	p 617 - 20	Zurich	£576.43
13.06.19	002188-93	p 628 - 13	Allowances	£715.99
13.06.19	002199	p 628 - 13	Kirkwells	£720.00
24.06.19	002202	p 633 - 10	T.Fattorine	£656.66
18.07.19	002203	p 637 - 13	ICS Print	£126.00
18.07.19	Grant	p 637 - 13	H of E School	£1,500.00
12.09.19	Annual payment	p 643 - 12	PKF Littlejohn	£240.00
12.09.19	002220	p 643 - 12	R.Wilson	£2383.12
17.10.19	002241	p 651 - 12	J.Hickin	£187.50
21.11.19	Contract	P 658 - 11	GR Dawson	£752.40

Date	Cheque No.	Minute	Payee	Amount
23.01.20	002249-55	p 673 - 11	Allowances	£1056.36
23.01.20	002261	p 673 - 11	A.Burrows	£53.56
23.01.20	002256	p 673 - 11	HMRC	£763.57
23.01.20	002260	p 673 - 11	J.Hickin	£1013.39
13.02.20	Grant	p 681 - 11	2019 Xmas Lights	£1,000.00
14.02.20	12/11/19 item 15e	p 681 - 11	Midland Forestry	£1356.00
19.03.20	002280	p 691 - 14	SMBC	£750.40
19.03.20	002181	p 691 - 14	DM payroll Serv.	£10.00

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

Year End Accounts

The account figures for the financial year 2019 - 2020 as shown to the internal auditor were checked and found to be arithmetically correct and reconciled to the bank statements shown.

The Internal Audit requirements of the AGAR for the annual year end 2019 -2020 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 2019-2020 under this power were well within the limit.

Income Control

It was noted that the VAT repayments for the 2019-2020 financial year will be made by the Clerk/RFO as soon as practicable.

It was noted in minute 16/05/19 item 15 that the cheque signatories for the bank mandate were formally approved by the Council – this is good practice.

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

It was noted that the Clerk/RFO produces quarterly budget spreadsheets for Councillors to monitor, and that an individual Councillor reviews the accounts on a regular basis – this is good practice

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 16/01/20 item 5 that the budget and precept options for the financial year 2020-2021 were discussed, with a detailed budget produced by the Clerk together with precept calculations on a Band D Figure, and the reserves noted – this is good practice.

It was noted in minute page 644 item 14 that a Councillor undertook an audit of cashbook spreadsheets and bank reconciliations – this is good practice.

It was noted in minute page 617 item 17 that Parish Councillor allowances will be paid in accordance with Solihull Metropolitan Borough Council schedule of recommended parish allowances.

It was noted in minute page 616 item 20 that a list of annual payments was presented to the Council by the Clerk/RFO, this list was formally approved – good practice to know at the start of the year what standing payments must be made.

It was noted in minute page 618 item 23 that a Parish Councillor reviewed the cashbook spreadsheet and bank reconciliation for the 2018-2019 financial year – this is good practice.

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 649 item 9 that the current Standing Orders are under review

It was noted in minute page 650 item 9 that the current Standing Orders are still under review

Financial Regulations

It was noted in minute page 649 item 9 that the current Financial Regulations were updated, and approved for immediate adoption, and on the website

Asset Register

It was noted in minute page 616 item 18 that the Parish Council asset register was updated and approved

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 615 items 1 & 3 that the Chair and Vice Chair have been properly elected at the Annual Meeting of Berkswell Parish Council

It was noted in minute page 616 item 12b that the Parish Council approved dates for the 2019-2020 Parish Council meetings.

It was noted in minute page 616 item 16 that all Parish Council policies and procedures will be reviewed by a working group with recommendations made to the June meeting.

Agenda

All agendas have been properly made and signed by the Clerk

Internal Audit Review

It was noted in minute page 624 item 8 that the contents of the 2019-19 internal audit were circulated for review and the Clerk congratulated on a positive report.

AGAR 2018-2019

It was noted in minute page 618 item 24 that the Parish Council formally approved the year end accounts for 2018-2019

It was noted in minute page 624 item 9 that the Annual Governance Statement for 2018-2019 was approved

It was noted in minute page 624 item 10 that the Annual Accounting Statement for 2018-2019 was approved

External Audit

It was noted in minute page 629 item 14 that the key dates for the 2018-19 external audit were pointed out to the Parish Council

It was noted in minute 641 items 8a&b that the external auditors report showed no cause for concern.

Risk management assessment

It was noted in minute page 629 item 17a-c that the Council discussed all the financial and physical risks that the Council faces. It was further noted that there is a standing agenda item for all meetings headed Risk Management - this is an excellent idea.

It was noted in minute page 692 that the Parish Council properly put emergency procedures in place to cope with eventualities for the duration of the Covid -19 pandemic, including the Clerk being incapacitated – this is good practice, however it might be in the Parish Council’s interest to consider that if the Clerk is incapacitated for any length of time whether there is a “key worker” clause in its insurance that could pay the salary of an interim Clerk (WALC locum Clerk service)

Payroll

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

It was noted in minute page 659 item 16 that a modest increase for the payroll service was proposed by the contractor, and the Parish Council agreed to continue with this service

External Contracts

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

Public Rights of Inspection

It was noted in minute page 513 item 24 that the public rights of inspection were approved, it is good practice for all Cllrs to be aware of these rights

Insurance

It was noted in minute page 616 item 19 that a three year insurance agreement with Zurich was entered into in the 2018-2019 financial year and is still in force

Grants Policy

It was noted in minute page 611 item 13c that the Parish Council approved an extension to last year’s policy whereby grants are to be considered in June and November only, other than nominal grants or

in exceptional circumstances, and this notification will be placed on the website - it is good practice to make the policy clear to all.

Policies

It was noted in minute page 635 item 11 that the employment policy was approved and adopted
It was noted in minute page 642 item 10 that the following policies were approved and adopted:-
Reserves; IT; Press & Media; Privacy; FOI; Complaints; Risk Management; Cllrs Expenses – it is good practice to formally review and approve all Parish Council policies

Committee appointments

It was noted in minute page 616 item 13 that members were formally appointed to Committees, working parties and outside bodies.

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,.

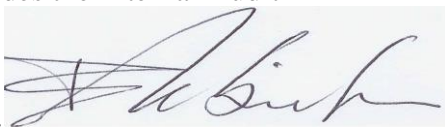
Conclusion

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 2019/20 of the AGAR Return 2018/19 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.....  Dated... 12th June 2019
W.J.Robinson