

INTERNAL AUDIT REPORT 2019/20 WALDRIDGE PARISH COUNCIL

1. Background

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,0000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. The AGAR is made of 3 sections along with an annual internal audit report. which is to be completed by the Parish Council's independent internal auditor, who gives an opinion on the Parish Council's internal controls.
- 1.3. CDALC have provided Councils with an internal audit checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Internal Audit work and the areas examined.

- 3.1 The Scope of Work covers the key control objectives identified in the AGAR part for Internal Audit, and to follow up the reports on the previous audit work.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by the Internal Auditor:
 - Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - Petty cash
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
 - Exercise of Public Rights
- 3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with her.

4. Audit Findings

4.1. Payroll

- 4.1.1 The Parish Council has 2 employees (Clerk and Caretaker) and are paid through HMRC online payroll service.
- 4.1.2. Following the previous audit report, I understand that up to date contracts of employment for the Clerk and the Caretaker have been signed at the Council meeting in May 2019.
- 4.1.3. Timesheets are completed for both the Clerk and the Caretaker. The Clerk completes and signs her timesheet which is authorized by a Member and is seen when payment is being made. The Caretaker completes his timesheet totals his hours and signs his timesheet which is authorized

by the Clerk and checked by Members when the cheque is signed.

4.1.4. On examining the timesheets these have been properly completed

4.2. Accounts Payable (creditors)

4.2.1. There are no separation of duties at Waldrige Parish Council as the Parish Clerk is the only Officer responsible for Finance and Administration. All expenditure (cheque and on line payments) are authorized by the Council with the Clerk having delegated powers to incur expenditure up to £200 (ratified by Council).

All expenditure is recorded on a list of payments for approval by the Council which is circulated to all Members three days before the monthly meeting for any comments.

4.2.2 Satisfactory compensating checks are carried out by the Members, where two members of the Council sign every cheque or order for payment, where they check each payment against the relevant invoice and initial the invoice and the cheque counterfoil. All authorized signatories are Members of the Council.

4.2.3. Cheques and on line payments are prepared by the Responsible Finance Officer (Clerk).

4.2.4. The Council has a purchase order book which is used when required for ordering items.

4.2.5. All payments are recorded on an excel spreadsheet which is satisfactory for the size of the Council.

4.2.6. There are several payments made by Councilors' who are then reimbursed, these are being kept to a minimum and will be reduced further when the Council obtains a debit card. Financial Regulations are to be updated to reflect the use and security of the debit card.

4.2.7. There is a small petty cash float mainly used for issue of postage stamps and stationery, with receipts obtained.

4.2.8 The Council previously discussed the requirements for obtaining quotations and estimates, as outlined in the Financial Regulations, and the processes that must be followed when making purchases and engaging services. It was noted that for all items above £100 and below £3,000, three estimates must be obtained, and for items above £3,000, and below £10,000, three quotes must be obtained, with it being the responsibility of the Clerk/RFO to obtain quotes and estimates. It was also noted that where it is not possible to obtain three quotes or estimates, justification must be provided.

4.3. Risk Management/Governance arrangements

4.3.1. The Council completes an annual risk assessment which was approved in March 2020.

4.3.2. Operational risks eg. Events, are risk assessed when required.

4.3.3. There appears to be adequate insurance cover for all assets of the Council, with insurance cover being reviewed every September (currently the Council has a three year contract).

4.3.4 Standing Orders, Financial Regulations (NALC) and the asset register have been adopted by the Council for the year at the annual meeting of the Council (14th May 2019)

4.3.5. The Council completed a Statement of Internal Control/Risk Management which was approved by Council at the March Council meeting.

4.3.6. There is a standard agenda item for any policies to be reviewed at every Council meeting and the Council has a data base list of all policies which has a review date on them. Throughout theyear policies have been added or updated.

4.3.7. The announcement of the public rights for 2018/19 was dated 19th May 2019 with the inspection of the accounts available between 3rd June to 12th July 2019 and was placed on the Council's website

4.4. Income collection and Banking arrangements

- 4.4.1. Income received is mainly the precept, vat reimbursements. bank interest, room hire and allotments.
- 4.4.2. The Council has a hall letting policy which the users have to sign and following the previous audit the Clerk has introduced a new booking form which ensures that sufficient detail is recorded on it. There are two lists for hall hire, one for paying cash and another when invoices are raised.
- 4.4.3. Following the previous audit report, it has been agreed that all cash income collected is to be banked, this is now being carried out.
- 4.4.4. Following the previous audit report, it has been agreed to purchase a duplicate receipt book and any hirers paying by cash will be issued with a receipt.
- 4.4.5. The allotments are run by an Association which pays the Council an annual rent. The Council also pay the allotment water bills which are reimbursed by the association.
- 4.4.6. There are 2 bank accounts held by the Council, Current account, for day to day transactions of the Council and a deposit account holding monies for reserves and to earn interest.
- 4.4.7. Vat reimbursements are made once a year which is adequate for this Council and was paid into the Councils bank account on 10th March 2020.

4.5. Accounting Records

- 4.5.1. All Income and Expenditure (including vat) is recorded on an excel spreadsheet which is adequate for this Council. The Clerk renewed the Microsoft Office 365 subscription. This software package contains programs that are essential for the Clerk to be able to carry out her duties.

4.6. Assets

- 4.6.1. The Council completes an asset register every year which is approved by the Council at its annual meeting

4.7. Debtors

- 4.7.1. Accounts are raised for room hire and are recorded on the income and expenditure spreadsheet.

4.8. Budgetary Control and budget setting

- 4.8.1. There was an initial budget Finance meeting on 15th October 2019 and another on 7th January 2020 to discuss the budget and precept, for the Council to approve a final budget for the following year at its January meeting which determines the precept. The budget estimates and precept were discussed by a Parish Council Committee meeting on 14th January 2020 where it was agreed for the coming year.
- 4.8.2. Budgetary control is carried out every quarter when the bank statements are received, and one of the Councilors' (whom is not a bank signatory) confirms the bank reconciliation, bank statement, petty cash and budget.
- 4.8.3. A three-year budget was considered at the Finance meeting on 7th January 2020 meeting where it was discussed and updated

4.9. **Trust Funds**

- 4.9.1 The Council are trustees for the Millenium Green which was transferred to the Parish Council in 2011 who are now the sole trustee. Following the previous audit report a Constitution has been distributed to Members to read to ensure that the Council is compliant with the Constitution.
- 4.9.2. The Trust has separate meetings from the Council with separate accounts being kept. Nothing related to the Trust is discussed at Council meetings.

5. Conclusions

- 5.1 It is reassuring to see that the Council has greatly improved its Governance arrangements following the completed actions as recommended in the previous audit reports.

6. Recommendations

- 6.1. This report has been discussed with the Parish Clerk and no further recommendations are made.



**Gordon Fletcher (C.M.I.I.A.),
Internal Auditor,
Date: 26th May 2020**