

**INTERNAL AUDIT REPORT**

**TO**

**DICKENS HEATH  
PARISH COUNCIL**

**FOR THE FINANCIAL YEAR**

**2017 - 2018**

**Prepared by: Bill Robinson**

**Issued May 2018**

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### **Statement of Responsibility**

The audit work I have undertaken was carried out based upon the Internal Audit Scope agreed with Dickens Heath Parish Council

This report has been prepared solely for Dickens Heath 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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## Dickens Heath Parish Council Internal Audit

The Internal audit was undertaken on the 25<sup>th</sup> April 2018 with the Clerk/RFO in the Dickens Heath parish office.

### Accurate book keeping

- Income and expenditure entries to the cashbook 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
- All receipts for Dickens Heath parish Council accounts, were banked in a timely manner
- Bank reconciliation – this was checked and found to be correct on a monthly basis.
- In addition an audit trail of the following cheques was carried out

For year 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018

<b>Date</b>	<b>Cheque Number</b>	<b>Minute Ref.</b>	<b>Payee</b>	<b>Amount</b>
18/04/17	D.Debit 27	212(16-17)	PWLB	£5397.79
18/04/17	BACS 143	212(16-17)	M.Sier	£450.00
18/04/17	BACS 154	212(16-17)	Staff	£158.50
16/05/17	D.Debit 31	20(17-18)	Opus	£40.79
16/05/17	BACS 166	20(17-18)	Allowance	£46.08
16/05/17	BACS 175	20(17-18)	Ignis	£141.60
20/06/17	BACS 185	46(17-18)	Staff	£244.21
20/06/17	BACS 196	46(17-18)	WALC	£747.45
11/07/17	BACS 203	70(17-18)	Allowance	£46.08
11/07/17	D.Debit 33A	70(17-18)	Opus	£88.45
16/08/17	BACS 211	103(17-18)	Plantscape	£6883.20
16/08/17	BACS 226	103(17-18)	Creaseline	£70.00

<b>Date</b>	<b>Cheque Number</b>	<b>Minute Ref.</b>	<b>Payee</b>	<b>Amount</b>
22/08/17	100886	82(17-18)	Solihull MBC	£764.00
12/09/17	BACS 228	129(17-18)	Phoenix Beard	£725.58
12/09/17	BACS 237	129(17-18)	WMPF	£328.15
10/10/17	BACS 247	129(17-18)	PWLB	£5340.96
10/10/17	BACS 265	129(17-87)	Creaseline	£105.00
14/11/17	BACS 273	156(17-18)	Fastaid	£75.00
14/11/17	BACS 289	156(17-18)	Plantscape	£1548.00
12/12/17	BACS 292	156(17-18)	Glasdon	£2305.57
12/12/17	BACS 304	156(17-18)	Creaseline	£70.00
09/01/18	BACS 311	176(17-18)	Waterplus	£49.08
09/01/18	BACS 326	176(17-18)	K.Weber	£18.00
13/02/18	BACS 327	202(17-18)	PWLB	£2458.68
13/02/18	BACS 341	202(17-18)	Allowance	£76.96
13/02/18	BACS 345	202(17-18)	WMPF	£328.15
13/03/18	BACS 359	225(17-18)	Staff	£630.44
13/03/18	BACS 369	225(17-18)	Phoenix Beard	£725.56
13/03/18	BACS 363	225(17-18)	Ignis Fire	£44.40

All cheques were found to be matched to the individual invoice and minute reference.  
All BACS payments were found to be matched to the individual invoice and minute reference.  
All Direct Debit payments were found to be matched to the individual invoice and minute reference.

All cheque, BACS, and D.Debit audit trails were satisfactory.

It was noted that monthly bank reconciliations were prepared and presented to the Parish Council for review.

Given that most payments are now made electronically it is imperative that the Parish Council scrutinises its security systems on a regular basis to ensure that the payments system is still secure.

#### **PWLB**

It was noted that the PWLB was properly repaid on a monthly basis and formally minuted.

#### **Year End Accounts**

The year end accounts for the financial year 2017 -2018 were checked and were found to be arithmetically correct and in agreement with the financial records shown by the Clerk. These accounts were properly reconciled to the bank statements.

The Annual Governance and Accountability Return for the financial year 2017 – 2018 was completed and signed by the Chair and the Clerk/RFO. The Internal Audit Report of that document was completed and signed by the internal auditor prior to being sent to the external Auditor.

#### **Receipts and payments book**

This was checked and found to be arithmetically correct.

Given that nearly all payments were made electronically it might be time for the Parish Council and Clerk/RFO to look at a financial package for the recording of all payments

### **Income Control**

It was noted that receipts were banked promptly, and the paying in book satisfactorily checked against the cash book.

All VAT repayments have been promptly made and are in the process of being reclaimed from HMRC.

### **Budget Controls**

It was noted in minute 11 (17-18) that the cheque signatories have been formally approved by the Parish Council – this is good practice

It was noted in minute 212 (16-17) that the financial statements for the year 2016-17 were approved and verified to the bank statements.

It was noted that a budget and precept for the financial year 2018-19 was considered and approved, and the precept level set.

It was noted that Councillors verify the bank reconciliation on a monthly basis – this is good practice.

It was noted in the risk assessment document that sound budgeting is to underlie all annual precept deliberations – this is a good system for the Parish Council to formally adopt  
Parish Council is to be commended in this regard

### **Petty Cash**

It was noted that there is not a petty cash element within Dickens Heath Parish Council accounts, and this fact will be reported to the external auditor PKF Littlejohn

### **Financial Regulations**

It was noted in minute 06(17-18) that the Financial Regulations were reviewed and adopted.

### **Standing Orders**

It was noted in minute 06(17-18) that the Parish Council Standing Orders were reviewed and approved.

### **Asset Register**

Dickens Heath Parish Council has an asset register which has been seen and the total sum of the assets matches the figure on the year end statement

### **Minutes of the Parish Council meetings**

All minutes were checked, and found to be satisfactory, with no evidence of any unusual activity.

### **Insurance**

It was noted in minute 202 (17-18) that the current insurance policy with Zurich should be renewed.  
It was noted that the Parish Council insurance covers all standard liabilities.  
The levels of insurance are standard for this type of policy and they appear to meet all Parish Council's statutory obligations.

### **Internal Audit Review**

It was noted in minute 20 (16-17) that Dickens Heath Parish Council formally discussed the 2016-17 internal audit for effectiveness and action on points raised.

It was noted in minute 202 (17-18) that an internal auditor for the financial year 2017-18 has been appointed,

### **Payroll**

It was noted in minute 202 (17-18) that an outside contractor (D. Malley) has been appointed to provide a payroll service for Dickens Heath Parish Council, and that all income tax, NICs, and pension obligations are met.

### **Risk assessment**

It was noted that the Parish Council has formally reviewed the risk assessment document for the year 2016 -2017and it is satisfactory.

It was noted that a risk assessment has been undertaken for the use Dickens Heath Parish rooms, and the record of assessments held by the Clerk. This is good practice and should be continued

It was noted that as part of the risk assessment into lone working the Parish Council has installed an alarm, and an outside light for those leaving the building in the darker hours, the Parish Council is to be commended for this, and the risk assessment document itself.

### **Sec.137 Payments**

It has been noted that the Parish Council now has the General Power of Competence, therefore Sec.137 is not applicable.

### **General Power of Competence**

It was noted that the Parish Council has the general power of competence and therefore Sec.137 spending limits no longer apply.

### **Grants Policy**

It was noted that a formal grants policy was agreed on 19<sup>th</sup> April 2016 this is a good practice, and should be reviewed regularly

### **Complaints Procedure**

It was noted that a complaints procedure was seen and adopted on 19<sup>th</sup> March 2013, this should be reviewed on a much more regular basis

It was noted that the grievance policy is undated therefore it is unclear when it was last reviewed.

### **Fire Procedure**

This is a good document for the Parish Council but it should be dated to ensure that it is reviewed on a regular basis.

### **Health and Safety Policy**

This is a good document and is dated 19<sup>th</sup> March 2013, it would be in the council's interest to review this document on a regular basis, and to see how the Lone Working Directive fits within it.

### **GDPR**

It was noted that as part of the parish council's responsibilities under the GDPR all Councillors emails for council business are now within the parish council website. It will be noted that the GDPR becomes law on the 25<sup>th</sup> May 2018.

**Conclusion**

Whilst undertaking the Internal Audit, it became apparent that the Clerk/RFO is carrying out her responsibilities in an exemplary fashion to the standard required by Local Government Finance Regulations.

Where I have commented on future actions, these are not criticisms, rather only for Dickens Heath Parish Council to consider whether they are appropriate for the Parish Council

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 Dickens Heath 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.....

A handwritten signature in black ink, appearing to read 'A. Singh', is written over a light grey rectangular background.

Dated... 1st May 2018