

INTERNAL AUDIT REPORT

TO

**DICKENS HEATH
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2018 - 2019

Prepared by: Bill Robinson

Issued May 2019

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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 8th May 2019 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 1st April 2018 to 31st March 2019

Date	Cheque Number	Minute Ref.	Payee	Amount
10/04/18	D.Debit	246(17-18)	PWLB	£5284.13
10/04/18	BACS	246(17-18)	WALC	£839.00
10/04/18	BACS	246(17-18)	DH Church(event insurance)	£213.00
08/05/18	BACS	16(18-19)	Savills	£725.58
08/05/18	100889	16(18-19)	H.O.E. in Bloom	£110.00
08/05/18	BACS	16(18-19)	Creaseline	£105.00
12/06/18	BACS	39(18-19)	DH Sports Club	£500.00
12/06/18	BACS	39(18-19)	LGPS	£347.85
10/07/18	BACS	55(18-19)	Plantscape	£8858.40
10/07/18	BACS	55(18-19)	Staff	£652.69
10/07/18	BACS	55(18-19)	Castle Nurseries	£100.00
07/08/18	D.Debit	72(18-19)	PWLB	£2430.82
07/08/18	BACS	72(18-19)	Shepherd Commercial	£600.00

Date	Cheque Number	Minute Ref.	Payee	Amount
25/09/18	BACS	72(18-19)	PKF Littlejohn	£360.00
25/09/18	BACS	72(18-19)	HMRC	£161.04
25/09/18	BACS	72(18-19)	Savills	£725.58
09/10/18	BACS	86(18-19)	RBL	£100.00
09/10/18	BACS	86(18-19)	LGPS	£334.72
13/11/18	BACS	107(18-19)	Glasdon	£7101.60
13/11/18	BACS	107(18-19)	HMRC	£161.24
11/12/18	D.Debit	123(18-19)	Opus	£91.86
11/12/18	BACS	123(18-19)	Earlswood	£691.40
08/01/19	BACS	123(18-19)	Opus	£140.26
08/01/19	BACS	123(18-19)	Creaseline	£76.00
12/02/19	D.Debit	140(18-19)	PWLB	£2402.96
12/02/19	BACS	140(18-19)	Savills	£725.56
12/02/19	BACS	140(18-19)	Look Local	£149.21
12/03/19	D.Debit	162(18-19)	Opus	£52.45
12/03/19	BACS	162(18-19)	WALC	£60.00
12/03/19	BACS	162(18-19)	Savills	£725.58

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 2018 -2019 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 receipts and payments in order to record and store these more effectively.

Income Control

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

All VAT repayments are made on an annual basis and will be made for the 2018-19 year as circumstances and time permit.

Budget Controls

It was noted in minute 11 (18-19) that the cheque signatories have been formally approved by the Parish Council – this is good practice

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 quarterly basis – it is good practice for the Council to check the bank reconciliation regularly.

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 and is to be commended in this regard

Precept

It was noted in minute 123(18-19) that the budget and precept discussions were held in December, and after discussion it was agreed to reduce the precept demand by 5% on Solihull Metropolitan Borough Council.

AGAR

It was noted in minute 17(18-19) that the internal audit report for the financial year was received and approved

It was noted in minute 17(18-19) that the Annual Governance Statement and Annual Accounting Statement for the financial year 2017-18 was approved.

Grant funding

It was noted in the Annual Parish Meeting of 8th May 2018 minute item 2 that the Parish Council has commenced a “Community Chest” for parish organisations to apply for grant funding, this would appear to be a sound system of grant funding and the Parish Council is to be congratulated on this innovative approach.

Grants Policy

It was noted that a previous formal grants policy was agreed on 19th April 2016 and it is a good practice for it to be reviewed regularly. The Council should also determine whether this policy has been superseded by the Community Chest, or will it run in parallel, and alter the policy accordingly.

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 that these Regulations were last reviewed in September 2017, and it was noted in minute 12(18-19) that they will be reviewed when circumstances change or the model set becomes updated. The Parish Council should review these within this financial year

Standing Orders

It was noted that these orders were last reviewed in September 2017, and it was noted in minute 12(18-19) that they will be reviewed when circumstances change or the model set becomes updated. The Parish Council should review these within this financial year

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 AGAR 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.

It was noted in minute 243(17-18) that DH Sports Club has offered the Council use of its facilities for five days per year from 2019 – good offer.

Noted in minute 244 (17-18) that two applications were made for funds from the Community Chest, this will surely grow over the next few years

It was noted in minute 9 (18-19) that the Parish Council considered that there was no requirement for formal committees to be set up – good to formally clarify the situation

It was noted in minute 10(18-19) that representatives from the Parish Council were appointed to outside bodies – this is good practice.

It was noted in minute 49(18-19) that the Parish Council decided to sell its building.

Noted in minute 55 (18-19) that all necessary payment for August 2019 (no Council meetings in August) will be made and reported in the minutes of September 2019 meeting

It was noted in minute 55 (18-19) that the AGAR for 2017-2018 was sent to PKF Littlejohn

IT was noted in minute 72 (18-19) that the AGAR has been received back from PKF Littlejohn with no outstanding issues

It was noted in minute 86(18-19) that the internal audit was received and reviewed and agreed that various procedures would be looked at in 2019-2010.

It was noted in minute 140(18-19) that an internal auditor for that year was agreed

Insurance

It was noted in minute 123(18-19) that a multi year insurance agreement with Zurich is now in place.

It was noted that the Parish Council insurance covers all standard liabilities, including additional cover for the memorial and welcome gates. The building (Dickens Heath Library) insurance is covered by a service charge.

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

The payroll was checked and found to be in line with current legislation, and the outside contractor (D.Malley) provides this payroll service for Dickens Heath Parish Council, and that all income tax, NICs, and pension obligations are met.

It was noted in minute 123(18-19) that the NJC has agreed on new pay scales for local government employees, and the Parish Council agreed that staff salaries should reflect this agreement – this is good practice.

Risk assessment

It was noted that the Parish Council has formally reviewed the risk assessment document for the year 2018-18 and it is satisfactory for the previous building, but the Parish Council has now moved into the top floor of Dickens Heath Library, and therefore a new set of assessments will have to be made.

The Council will need to know who risk assesses the building and obtain a copy of the document.

The Council will need to provide a fire evacuation document for its staff.

The Council needs to consider whether a first aid kit is available for its staff

Given that the building has public access where the council staff cannot see or identify who is in the building, the Council should look at providing its staff with a means of calling for assistance and locking the upstairs part of the building.

The Council needs to ask itself how the lone working directive will be met for staff on their own when the building is closed .

The Council needs to consider how its records will be kept safe when there is no staff upstairs and the building is open to the public.

Sec.137 Payments

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

Complaints Procedure

It was noted that a complaints procedure was seen and adopted on 19th 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 19th 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

All Parish Councillor email addresses should be within the Council website to isolate councillors personnel emails from the rigours of GDPR legislation.

It was noted in minute 18(18-19) that the Information and data Protection policies are published on the website – good practice.

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... 10th May 2019