

INTERNAL AUDIT REPORT

TO

**DICKENS HEATH
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2019 - 2020

Prepared by: Bill Robinson

Issued May 2020

Contents

		Page
1.	Statement of responsibility	2
2.	Detailed findings	3 -6
3.	Conclusion	6-7

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.



Consultant

W.J.Robinson. BA(Hons) MA

74 George Street
Stockton
Southam
Warwickshire
CV47 8JT
Tel: 01926 814094
Mobile: 07958 176871
e-mail:wj.robinson@tiscali.co.uk

Dickens Heath Parish Council Internal Audit

Due to the restrictions on movement during the Covid-19 outbreak, the Internal Audit was undertaken on the week commencing 27th April 2020 with access via Dickens Heath Parish Council website and telephone communication with the Clerk/RFO of Dickens Heath Parish Council.

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 2019 to 31st March 2020

Date	Payment Number	Minute Ref.	Payee	Amount
09/04/19	1	181(18-19)	PWLB	£5170.46
09/04/19	15	181(18-19)	Shepherd Commercial	£3748.00
14/05/19	21	22(19-20)	BT	£336.91
14/05/19	35	22(19-20)	W.J.Robinson	£164.00
11/06/19	39	47(19-20)	C.Chest (Irish Dance)	£250.00
11/06/19	50	47(19-20)	Allowance	£84.72
09/07/19	58	66(19-20)	PWLB	£195,155.85
09/07/19	71	66(19-20)	HMRC	£185.36
09/08/19	76	88(19-20)	Solihull MBC	£2905.00
09/08/19	90	88(19-20)	PAYE/NI Aug 2019	£204.56
10/09/19	97	88(19-20)	Staff	£656.31
10/09/19	110	88(19-20)	PKF Littlejohn	£360.00
08/10/19	112	107(19-20)	Donation	£100.00
Date	Payment Number	Minute Ref.	Payee	Amount
08/10/19	128	107(19-20)	Emms IT Ltd.	£300.00
12/11/19	130	131(19-20)	Wilkes Partnership LLP	£3720.00
12/11/19	139	131(19-20)	Allowance Nov.2019	£61.60
12/11/19	150	131(19-20)	Solihull MBC	£2905.00
17/12/19	153	145(19-20)	Wilkes Partnership LLP	£1800.00

17/12/19	163	145(19-20)	HMRC	£204.36
14/01/20	166	145(19-20)	Rumbush Island clearance	£290.00
04/01/20	180	145(19-20)	Solihull MBC	£2905.00
11/02/20	183	161(19-20)	Dickens Heath FC	£118.48
11/02/20	195	161(19-20)	HMRC	£204.76
10/03/20	200	176(19-20)	Solihull MBC	£2905.00
10/03/20	211	176(19-20)	Allowance	£68.00
EOY March20	216	Meeting suspended	Wilkes Partnership LLP	£8524.00

All payments were found to be matched to the individual bank statement, invoice, and minute reference.

All 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 in minute 181 that after discussion it was agreed that after the sale of Wharf House the monies accrued to the Parish Council will be utilised to repay PWLB loan in full.

Year End Accounts

The year end accounts for the financial year 2019 -2020 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.

Annual Governance and Accountability Return 2019-20 page 3 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, and in accordance with the bank statements.

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 bank statements and cashbook.

All VAT repayments are made on an annual basis and will be made for the 2019-20 year as circumstances and time permit.

Budget Controls

It was noted in minute 16 that the cheque signatories have been formally approved by the Parish Council – this is good practice.

It was noted in minute 131 that the Parish Council bank signatories on the bank mandate were approved.

It was noted in minute 11 that Councillor allowances will be paid.

It was noted that a monthly update of Parish Council budgets was prepared for Councillor Information.

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 131 that a budget and precept for the financial year 2020-21 discussion will commence in December 2019

It was noted in minute 145 that a budget and precept level for the financial year 2020-21 was considered and approved, and the precept level set.

AGAR

It was noted in minute 23 that the internal audit report for the financial year was received and approved

It was noted in minute 23 that the Annual Governance Statement and Annual Accounting Statement for the financial year 2018-19 was approved.

General Power of Competence

It was noted in minute 18 that Dickens Heath Parish Council met the criteria for the GPC and took the power for itself.

Grant funding

It was noted in minute 24 that the community chest funds have been formally approved by the Parish Council and allocated – this is good practice, in that it allows the Parish Council to be aware of funding policy.

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 89 that the Financial Regulations were reviewed and approved.

Standing Orders

It was noted in minute 89 that the Standing Orders were reviewed, amended 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 AGAR year end statement and the insurance document.

Minutes of the Parish Council meetings

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

Annual meeting of the Parish Council:-

It was noted in minute 1 (19-20) that the Chair of Dickens Heath Parish Council was formally re-elected.

It was noted in minute 5 that 6 Parish Cllrs have been re-elected to Dickens Heath Parish Council unopposed and signed the Acceptance of Office form.

It was noted in minute 5 that 1 Councillor has been co-opted onto the Council.

It was noted in minute 13 that a calendar of dates for Parish Council meetings was agreed and posted on the Parish Council website – this is good practice as it keeps parishioners up to date on the meetings.

It was noted in minute 15 that Councillors were formally nominated to outside bodies.

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

Agenda

All agendas were checked and found to be correct.

Insurance

It was noted in minute 145 that the multi-year insurance agreement with Zurich is still 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 Dickens Heath Parish Council's statutory obligations.

Internal Audit Review

It was noted in minute 47 that Dickens Heath Parish Council formally discussed the 2018-19 internal audit for effectiveness and action on procedures raised.

It was noted in minute 161 (19-20) that an internal auditor for the financial year 2019-20 has been appointed.

Payroll

It was noted in minute 145 that the payroll contract for 2020-21 was checked and formally approved. This outside contractor provides this payroll service for Dickens Heath Parish Council, and that all income tax, NICs, and pension obligations are met.

Risk assessment

Financial Risk assessment:-

It was noted that this document was approved by Council on 14th May 2019

The document is a comprehensive list of risks facing the Parish Council and its assets and is a robust set of controls to mitigate against the effects of these risks, including the sudden loss of Clerk/RFO for any length of time – the Parish Council is to be commended for this document.

Physical Risk Assessment:-

It was noted that the Parish Council has now moved reasonably recently into the top floor of Dickens Heath Library, and therefore a new set of physical risk assessments will have to be made.

The Council will need to know who risk assesses the building (perhaps SMBC) 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.

Dickens Heath Parish Council policies

The following policies were seen on the Dickens Heath Parish Council website

Policy	Review date
Disciplinary	Nov 21
Grievance	Nov.21
Complaints	Nov 20
Petitions	Oct 21
Social Media	Approved Oct 18
Data protection	Approved May 18
Privacy	Approved May 18

Village Green

It was noted in minute 173 that the village green has been formally transferred to Solihull MBC with Dickens Heath Parish Council having a License to Occupy

Parish Council Website

The website was found to be informative, easy to access, and the content easy to assimilate.

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 2019/20 of the AGAR Return 2019/20 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.....  Dated... 5th May 2020