

INTERNAL AUDIT REPORT

TO

**DICKENS HEATH
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2020 - 2021

Prepared by: Bill Robinson

Issued May 2021

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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

This Internal Audit was undertaken on Tuesday 27th April 2021 with the Clerk/RFO of Dickens Heath Parish Council in the Parish Council 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 2020 to 31st March 2021

Date	Payment Number	Minute Ref.	Payee	Amount
15/04/20	1	13 (20-21)	Fairways	£244.50
15/04/20	2	13 (20-21)	WALC	£966.80
15/04/20	13	13 (20-21)	HMRC	£193.61
May 2020	17	13 (20-21)	BT	£418.01
May 2020	18	13 (20-21)	Fairways	£168.00
May 2020	31	13 (20-21)	NEST	£55.27
09/06/21	36	13 (20-21)	D.Potter	£79.36
09/06/21	42	13 (20-21)	Admin	£61.60
09/06/21	48	13 (20-21)	HMRC	£188.81
07/07/20	51	28 (20-21)	Plantscape	£11049.60
07/07/20	54	28 (20-21)	SLCC	£36.00
07/07/20	65	28 (20-21)	HMRC	£189.21
Aug 2020	71	55 (20-21)	Allot.Soc.	£240.00
Aug 2020	84	55 (20-21)	HMRC	£189.21
08/09/20	90	55 (20-21)	SLCC	£42.00
08/09/20	99	55 (20-21)	Admin	£77.00
13/10/20	106	76 (20-21)	RoSPA	£314.40
13/10/20	116	76 (20-21)	Admin	£779.59
13/10/20	124	76 (20-21)	LGPS	£455.51
10/11/20	128	94 (20-21)	SMBC	£4397.30
10/11/20	142	94 (20-21)	HMRC	£209.57

Date	Payment Number	Minute Ref.	Payee	Amount
Dec 2020	148	118 (20-21)	Plantscape	£2937.60
Dec 2020	153	118 (20-21)	P.Jewell	£136.60
Dec 2020	163	118 (20-21)	HMRC	£209.97
Jan 2021	167	118 (20-21)	J.Eames	£60.00
Feb 2021	184	142 (20-21)	Zurich	£691.43
Feb 2021	194	142 (20-21)	Admin	£76.05

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.

Year End Accounts

The year end accounts for the financial year 2020 -2021 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 2020-21 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 2020-21 year as circumstances and time permit

Budget and Precept

It was noted in minute 94 that budget discussions for the financial year 2021-2022 was set for December 2020 – it is good practice to formally determine when the budget process will commence.

It was noted in minute 118 that a draft budget was considered and it was approved that the budget and precept level should be the same as the previous year.

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

Delegated powers

It was noted that since the lockdowns due to the pandemic, powers regarding the payment of invoices have been delegated to the Clerk, it would be in the Council's interest to have these delegated powers added to Standing Orders.

AGAR

It was noted that the Annual Governance and Annual Accounting Statements for the financial year 2020 – 2021 have not yet been approved

General Power of Competence

It was noted that Dickens Heath Parish Council still has this power.

Grant funding

It was noted in minute 144 that the community chest grants will be reconsidered once the pandemic restrictions have been removed.

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.

It should be noted that all minutes should be signed by the Chair of the meeting on the last page, and initialled by same Chair on each other page. LGA 1972, Sch 12, para 41(1)

It was noted in minute 8 (20-21) that Dickens Heath Parish Council is asking Solihull Metropolitan Borough Council for permission to administer the village hall. Given that the village hall is a trust it would be in the Parish Council's interest to investigate how Parish Councils administer assets that are organised as a charitable trust. It was noted in minute 55 (20-21) that all allowances are in line with SMBC guidelines.

It was noted in minute 132 (20-21) that the Parish Council agreed to move its office to the village hall. It was noted in minute 22 that all future meeting dates were approved.

Agenda

All agendas were checked and found to be correct.

Insurance

It was noted in minute 142 (20-21) that the parish Council agreed to renew the existing insurance with Zurich Ltd. For another 3 years.

It might be in the Parish Council's interest to look at a "key worker" element in the insurance cover to insure against extra staff costs should the clerk/assistant become indisposed

Asset Register,

This was checked and found to be in line with the insurance value of the assets

Internal Audit Review

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 that an 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 the document was approved by Council on 14th May 2019 and is a comprehensive list of risks facing the Parish Council and its assets and has a robust set of controls to mitigate against the effects of risk, nevertheless the Parish Council needs to constantly review this assessment.

Physical Risk Assessment:-

It was noted that the Parish Council has moved into the top floor of Dickens Heath Library, and it's unclear that a new set of physical risk assessments have been 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.

Play Equipment

It was noted in minute 90 (20-21) that a RoSPA inspection of play equipment has been carried out, and it is noted that Fairways conduct a weekly inspection of play equipment. It would be in the Council's interest to have a copy of the weekly inspection reports.

Sec.137 Payments

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

Standing Orders

It was noted the Standing Orders are dated Sep.2019, when the Parish Council reviews this document it could consider setting out exactly what powers have been delegated to the Clerk.

Financial Regulations

It was noted that these were formally adopted in Nov. 2019, it would be in the Council's interest to review them on a regular basis.

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

These and all other policies should be reviewed when the pandemic restrictions are removed

Parish Council Website

It was noted in minute 21 that the new Dickens Heath Parish Council website is functioning and meets all accessibility requirements, this is a good website


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.....  Dated... 4th May 2021