

INTERNAL AUDIT REPORT

TO

**DICKENS HEATH
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2021 - 2022

Prepared by: Bill Robinson

Issued May 2022

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

This Internal Audit was undertaken on Tuesday 27th April 2022 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 2021 to 31st March 2022

Date	Payment Number	Minute Ref.	Payee	Amount
01/04/21	1	13 (21-22)	Fairways	£489.00
01/04/21	3	13 (21-22)	NALC	£38.93
01/04/21	13	13 (21-22)	HMRC	£210.08
04/05/21	23	23 (21-22)	Allowance	£66.73
04/05/21	29	23 (21-22)	HMRC	£448.54
04/05/21	32A	23 (21-22)	W.Robinson	£181.50
22/06/21	35	45 (21-22)	SLCC	£166.00
22/06/21	39	45 (21-22)	S.Higgins	£100.00
22/06/21	50	45 (21-22)	LGPS	£363.51
06/07/21	54	61 (21-22)	Fairways	£696.86
06/07/21	58	61 (21-22)	Staff	£674.48
06/07/21	69	61 (21-22)	SMBC	£4397.30
14/09/21	70	84 (21-22)	BT	£109.02
14/09/21	72	84 (21-22)	Wilkes LLP	£3791.80
14/09/21	85	84 (21-22)	NEST	£56.80
12/10/21	107	104 (21-22)	ICO	£35.00
12/10/21	119	104 (21-22)	HMRC	£216.28
09/11/21	125	128 (21-22)	Fairways	£13188.00
09/11/21	131	128 (21-22)	Minuteman Press	£222.60
09/11/21	144	128 (21-22)	BT	£109.02
07/12/21	145	146 (21-22)	Plantscape	£2937.60
07/12/21	156	146 (21-22)	HMRC	£160.19

Date	Payment Number	Minute Ref.	Payee	Amount
11/01/22	162	146 (21-22)	Fairways	£501.50
11/01/22	180	146 (21-22)	Zurich	£694.36
15/02/22	183	158 (21-22)	Orton Media	£243.00
15/02/22	193	158 (21-22)	HMRC	£73.38
08/03/22	198	174 (21-22)	WALC	£501.50
08/03/22	210	174 (21-22)	NEST	£56.80

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 2021 -2022 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 2021-22 page 3 The Internal Audit Report of that document was completed and signed by the internal auditor.

Receipts and payments book

This was checked and found to be arithmetically correct, and in accordance with the bank statements. It is recommended that entries to the cashbook are made in ink.

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 2021-22 year as circumstances and time permit

Budget and Precept

It was noted in minute 11 (21-22) that the bank signatories for DHPC were formally appointed – this is good practice.

It was noted in minute 146 (21-22) that a draft budget was prepared by the Clerk/RFO and after discussion was approved for the financial year 2022-2023– it is good practice to formally determine the budget process.

It was noted that whilst a monthly update of Parish Council budgets was prepared by the Clerk/RFO for Council information it was also noted that an individual Councillor verifies 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 that the Parish Council formally adopted 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 in minute 24 (21-22) that the Annual Governance and Annual Accounting Statements for the financial year 2020 – 2021 were approved.

General Power of Competence

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

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 separately to the external auditor PKF Littlejohn

Financial Regulations

It was noted that the Financial Regulations were reviewed and approved in September 2019, the Parish Council should arrange for these regulations to be reviewed on a regular basis

Standing Orders

It was noted in minute 106 (21-22) of the October 2021 meeting that the Standing Orders were reviewed, amended and approved in October 2021, it is good practice to review all orders on a regular basis.

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 was noted in minute 7 (21-22) that a schedule of Dickens Heath Parish Council meetings was agreed – it is good practice to set out when the Parish Council will meet, and it informs residents when meetings will occur

It was noted in minute 10 (21-22) that 2 Cllrs will represent DHPC on the SMBC area committee, it is good practice to formally agree the nominees.

Agenda

All agendas were checked and found to be correct.

Insurance

It was noted in minute 146 (21-22) that the Parish Council agreement with Zurich Ltd. until 2024 is still in place

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, and in accordance with the value on Box 9 of the AGAR page 5.

Internal Audit Review

It was noted in minute 158 (21-22) that an internal auditor for the financial year 2021-22 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 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, and who is responsible for assessing the risks.

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 that an annual RoSPA inspection of play equipment is carried out, and it is noted that a contractor conducts a weekly inspection of play equipment. It would be in the Council's interest to have a copy of all inspection reports, and if necessary a Cllr could review the equipment on a regular basis (monthly). A record of all inspections should be held in the Council office.

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

When the Parish Council reviews this document it could consider setting out exactly what powers have been delegated to the Clerk.

Financial Regulation

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	Policy	Review date
Disciplinary	Nov 21	Equality and Diversity	Oct 2020
Grievance	Nov.21	Publications Scheme	Apr.2015
Complaints	Nov 20	Social Media & Comms.	July 2020
Petitions	Oct 21	Petitions Policy	Oct. 2019

These and all other policies should be reviewed on a regular basis (not necessarily annually, could be every two years or so) and the review date printed on the policy front page.

Grants

It was noted that a community chest grant application form is now ready for use.

It was noted that the grant application policy document is undated, DHPC should ensure that the latest review document is available for those attempting to obtain grant from The Council.

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

Delegation of Power

It was noted that in the Delegation of Powers to the Clerk in consultation document with regard to planning issues, DHPC should consider exactly how power can be delegated.


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 2020/21 of the AGAR Return 2021/22 Part 3 the internal auditor marked items F and K 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, neither did it declare itself as exempt from a limited assurance review in 2020-2021. A letter to PKF Littlejohn to that effect has been added by the internal auditor

This concludes the Internal Audit.

Signed.....  Dated... 16th May 2022