

INTERNAL AUDIT REPORT

FOR

**CHADWICK END
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2019 - 2020

Prepared by: Bill Robinson

Issued July 2020

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Statement of Responsibility

The audit work I have undertaken was carried out based upon the Internal Audit Scope agreed with The Responsible Financial Officer of Chadwick End Parish Council

This report has been prepared solely for Chadwick End 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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Chadwick End Parish Council Internal Audit

The Internal audit was undertaken on the 3rd July 2020 with the Parish Clerk/RFO.

Accurate book keeping

- Income and expenditure entries to the spreadsheet 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
- Bank reconciliation – this was checked and found to be correct.
- In addition an audit trail of the following cheques/payments was carried out.

For year 1st April 2019 to 31st March 2020

Current Account

Cheque/Inv. no.	Amount £	Payee	Minute Ref.
000067	£2417.86	Zurich	43/19
000076	£92.09	IPL Maintenance	43/19
000079	£313.13	Fairways	66/19
000084	£5000.00	Unity Bank	82/19
Inv.1 BP	£537.00	Skylight Cinema	82/19
Inv.59 BP	£294.00	Angel Environment	113/19
Inv.65 BP	£15,000.00	T'sfer Unity Bnk	113.19
BP	£169.04	Water Plus	128/19
BP	£30.00	D.Kelly	128/19
BP	£313.13	Fairways	140/19
BP	£240.00	Fairways	140/19
BP	£103.00	D.Kelly	153/19
BP	£300.00	A.Shavroja	153/19
Inv.106 BP	£313.13	Fairways	166/19
Inv.115 BP	£79.45	Opus	166/19
Inv.123 BP	£350.00	Exe Urbe Choir	05/20
Inv.127 BP	£60.58	Fortress	05/20
Inv.136 BP	£500.00	A.Shevroja	17/20
Inv.142 BP	£137.65	Water Plus	17/20
Cheque/Inv. no.	Amount £	Payee	Minute Ref.
Inv.144 BP	£644.50	Expert Locksmiths	31/20
Inv.152 BP	£92.50	IPL Maint.	31/20
Inv.159 BP	£60.58	Fortress	31/20

All cheques were found to be matched to the individual invoice and minutes.

All cheque audit trails proved satisfactory.

It was noted that all payments are now paid by bank payments.

Year End Accounts

The year end accounts for the financial year 2019-2020 were checked and found to be arithmetically correct across all accounts to the figures shown.

The Internal Audit report 2019/20 Page 3 of the AGAR was signed by this internal auditor.

Receipts and payments

These were checked and the spreadsheet found to be correct, with all income properly banked correctly.

It was noted in minute 66/19 iii that all regular payments for the financial year were approved – this is good practice.

Income Control

It was noted that there all receipts including the precept were paid directly to the Chadwick End Parish Council bank account.

It was noted that the Scribe accounting systems appear to be problematic, and it was noted in minute 16/20 that the Clerk/RFO wishes to stop using this system for accounts and the Parish Council formally agreed

It was noted that VAT has been properly reclaimed from HMRC.

It was noted that bank standing orders and direct debits are used correctly, this is good practice

Budget Controls

It was noted that a proper budget spreadsheet was produced and presented to Councillors at every meeting.

It was noted in minute 96/19 that the parish Council determined to move funds to the Unity Bank. It was noted in minute 153/19 that the Unity Bank authorisation were formally approve – it is good practice to formally approve all financial changes.

It was noted in minute 144/19 that the Parish Council agreed allowances and expenses policy for Councillors (in line with the SMBC guidelines?)

It was noted in minute 153/19 v that Councillors were advised to contact the Clerk/RFO with any areas of the proposed budget that require specific funding – it is good practice to get all information necessary for the budget process early before draft budgets are set.

It was noted in minute 166/19 c that a draft budget and precept for 2020-2021 was presented by the Clerk/RFO to the Council for consideration – this is good practice

It was noted in minute 05/20 that after discussion a budget was agreed for the financial year 2020-2021 together with notification of what this means for Band D properties – this too is good practice and the Council and Clerk/RFO are to be commended

Loans

It was noted that no loans were raised by the Parish Council

Petty Cash

It was noted that Chadwick End Parish Council does not operate a petty cash scheme, and this information will be forwarded to the External Auditor.

Annual Return

It was noted in minute 82/19 that the Annual Governance Statement was approved, and the Annual Accounting Statements were received and approved.

Agendas

It was noted that all agendas were properly constructed, signed and dated.

Minutes of the Parish Council meetings

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

Internal Audit 2018 – 2019

It was noted in minute 08/20 I that the internal audit for 2018-2019 was reviewed for effectiveness and found to be satisfactory – good practice to formally review the internal audit.

AGAR 2018-2019

It was noted that it was recorded that the external auditors report showed no significant issues

Financial Regulations

It was noted in minute 86/19 that the Financial Regulations were reviewed and approved by the Parish Council.

Standing Orders

It was noted in minute 86/19 that the Standing Orders were reviewed approved by the Parish Council.

Asset Register

It was noted in minute 86/19 that the Chadwick End Parish Council asset register was checked and found satisfactory with all values reflected in insurance

Internal Audit Review

Chadwick End Parish Council should review each internal audit for effectiveness

It was noted in minute 19/18 that an internal auditor for 2018-2019 was appointed

Insurance

It was noted in minute 31/20 that the Clerk/RFO has obtained 3 quotes for the annual Parish Council insurance, and the chosen vendor has saved the Parish Council a significant sum – this is good practice.

Payroll

It was noted that the company DM Payroll has taken over the payroll for Chadwick End Parish Council, with all payroll taxes and NICS being properly dealt with

Risk assessment

It was noted that a play equipment inspection is carried out fortnightly by a Cllr together with an annual inspection report received from an outside contractor. Records of these inspection should be held centrally by the Clerk.

Sec.137 Payments

It was noted that expenditure under the Sec.137 powers were well within the annual limits.

Contract of Employment

It was noted that the Clerk/RFO has a proper contract

Parish Council Policies

It was noted in minute 86/19 that the following policies were reviewed updated as necessary and approved:-

Risk Assessment

Transparency Code

Publication Scheme

Code of Conduct

It was noted in minute 100/19 that the following policies were reviewed updated as necessary and approved

Equality and Diversity

Complaints

Data Protection.

It is good practice to review all policies regularly to ensure that they are fit for purpose.

Governance

It was noted in minute in minute 56/19 (Annual meeting) that Councillor areas of responsibility were agreed – this is good policy.

It was noted in minute 131/19 that an induction guide has been produced with specific changes for Chadwick End Parish Council – the Council is to be commended on this approach to governance.

General Power of Competence

It was noted that there are now enough elected Councillors for the acquisition of this power, the Council should consider whether it will encourage the Clerk to complete CiLCA.

Conclusion

Whilst undertaking the Internal Audit, it is apparent that the Clerk is carrying out her responsibilities to the standard required by Local Government Finance Regulations.

Where I have commented on future actions, these are not criticisms as such; rather they are only issues for Chadwick End Parish Council to consider.

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 Chadwick End 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.....
W.J.Robinson



Dated... 7th June 2019