

NORTH STAINLEY WITH SLENGFORD PARISH COUNCIL

Internal Audit Report 2018/19

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Background and Scope

The Accounts and Audit Arrangements introduced with effect from 1st April 2015 require all Town and Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council complied with the requirements in the terms of independence from the Council decision making process appointing Voluntary Action Rotherham to provide an internal audit function to the Council; this report sets out those areas examined during the course of our investigation of the Council's Accounts and Accounting processes for 1st April 2018 to 31st March 2019.

Internal Audit Approach

The audit has been conducted in accordance with the direction of the Council which will be agreed retrospectively in May 2019. The audit is not designed to identify all significant weaknesses in the Council's systems but, if such weaknesses come to our notice during the course of our examination, which we think should be brought to your attention; we shall report them to you.

The responsibility for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the Council. The audit should not be relied upon to disclose all material misstatements or frauds, errors or instances of non-compliance as might exist.

In accordance with guidelines set out by the Governance and Accountability for Local Councils – practitioners' guide, our work plan consisted of an investigation to review whether the systems of financial and other controls over the Council's activities and operating procedures are effective. Areas covered by the testing included;

- Bookkeeping
- Adoption and application of standing orders and financial regulations
- Payment control
- Risk management arrangements
- Budgetary controls
- Income controls
- Petty cash procedures
- Payroll control
- Asset control
- Bank reconciliation
- Year-end procedures

Overall Conclusion

I am pleased to conclude and report that the Clerk has maintained a good standard of record keeping that has simplified the audit process. The 2018/19 cashbook contained an adjustment as incorrect figures were reported on the 2017/18 AGAR. All receipts and payments were evidenced by appropriate documentation. I have confidence that the figures lifted into the Statement of Accounts for the financial year ended 31st March 2019 are accurate.

Detailed Report

Bookkeeping

The excel cashbook is regularly maintained and kept up-to-date with a regular back up taken. The opening cashbook balance contained an adjustment from 2017/18 due to incorrect figures entered on the AGAR; this has been adjusted in 2018/19. The bank account is reconciled regularly.

Standing orders and financial regulations

Model financial regulations were re-approved and adopted on 22 May 2018. Standing orders were reviewed and adopted without changes on 22 May 2018 and new model Standing Orders were adopted on 11 September 2018 to reflect best practice.

Transparency code for smaller councils

The council is fully compliant with the Transparency code.

Payment control

All payments are authorised and approved at monthly Council meetings. They are recorded on the computerised cashbook system where they are analysed into account headings based on the nature of expenditure.

During the period of this report there was £110 of S.137 expenditure, this is within the limit.

Value Added Tax (VAT) is clearly and separately identified in a column in the cashbook. VAT is reclaimed from Her Majesty's Revenue and Customs (HMRC) at least once a year. HMRC email a confirmation receipt and the refund is made into the current account.

Risk management arrangements

All financial activities are approved at monthly Council meetings where they are minuted. A review of the financial controls and systems are carried out annually by the Council in the form of a Risk Assessment, amendments and recommendations are presented at Council meetings for discussion. The last review was carried out and adopted without changes on 22 May 2018.

Internal financial controls were last reviewed and adopted in May 2018. An annual independent review of financial controls and systems is carried out in the form of an Independent Internal Audit.

The Council are in the second year of a three-year long-term agreement with Hiscox Insurance via Came & Co. The policy is reviewed on an annual basis, and was last reviewed April 2018 and again in May 2019 for the increase in street furniture. The policy does not cover the new additions of laptop and printer. The Parish has adequate levels of insurance provision including Employers, Public and Fidelity guarantee.

Budgetary controls

The Council set their budget on an annual basis in preparation for applying for the precept; it was set and approved on 13 November 2018. Actual income and expenditure is monitored against budgeted income and expenditure twice a year using the management reports produced by the Clerk. Any variance is explained and minuted.

Income control

Income received is recorded in the computerised cashbook and is banked in the Unity Trust bank account.

Harrogate Borough Council via BACS pays budgeted precept income in two instalments in the year, half in April and half in September. The precept amount recorded in the cashbook agrees with the Council's notification.

There is no petty cash system and no cash was received during the year.

Payroll controls

The RFO/Clerk is the only paid employee of the Council. A contract of employment is currently in place and has been signed by both parties. A job description clearly identifying the specific duties of the RFO/Clerk is incorporated within the contract. The salaries and other payments made to the RFO/Clerk are reasonable and have been approved by the Council.

Pay as You Earn and National insurance contributions are calculated by an outside payroll service. The RFO/Clerk pays any deductions calculated to the Inland Revenue on a quarterly basis.

Asset control

The Council maintains an Asset Register of all material assets owned or in its care. This is kept up-to-date and is reviewed annually, last reviewed on 22 May 2018. The new additions of laptop and printer are included on the asset register but are not covered for insurance purposes.

Bank reconciliations

There is a consolidated bank reconciliation for both accounts; these are carried out upon receipt of the statements on a quarterly basis. I have evidenced the final bank reconciliation for the year-end but have been unable to verify the balance of the deposit account, there are no unexplained balancing entries.

Year-end procedures

Accounts are prepared on a receipts and payments basis. The accounts agree to the cashbook totals, there is an audit trail from underlying financial records to the accounts. The Parish Council has no investments or outstanding leases or loans. There are no tenancies in operation.

The Parish Council has arrangements in place for the public inspection of records