

**INTERNAL AUDIT REPORT**

**TO**

**MAPPLEBOROUGH GREEN  
PARISH COUNCIL**

**FOR THE FINANCIAL YEAR**

**2015 - 2016**

**Prepared by: Bill Robinson**

**Issued May 2016**

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### **Statement of Responsibility**

The audit work I have undertaken was carried out based upon the Internal Audit Scope agreed with Mappleborough Green Parish Council

This report has been prepared solely for Mappleborough Green 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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## Mappleborough Green Parish Council Internal Audit for the Financial Year 2015 - 2016

The Internal audit was undertaken on 20th May 2016, with the Parish Clerk.

### Accurate book keeping

- Entries to the cashbook spreadsheet were checked and found to be up to date and correct.
- Bank reconciliation – this was checked and found to be correct.
- In addition an audit trail of the following cheques was carried out.

### Payments

For year 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016

Date	Cheque No.	Min. ref./Item	Payee	Amount
12/05/15	100657	416/12	D.Bennett	£168.00
12/05/15	100663	416/12	WALC	£180.00
23/07/15	100667	422/14	W.Robinson	£75.00
23/07/15	100672	422/14	R.Howes	£170.44
03/08/15	100674	428/13	Church	£300.00
03/08/15	100676	428/13	R.Howes	£13.38
24/09/15	100678	434/12	D.Bennett	£236.00
24/09/15	100679	434/12	R.Howes	£111.04
06/11/15	100681	440/13	I.Geddes	£37.63
06/11/15	100684	440/13	SLCC	£131.00
11/01/16	100688	440/12	W'shire CTP	£27.79
12/02/16	100692	447/12	HMRC	£28.00
09/03/16	100698	447/12	D.Bennett	£250.00
14/03/16	100702	447/12	R.Howes	£41.50

All cheque audit trails were satisfactory

All cancelled and re-issued cheques were properly dealt with

### **Receipts.**

It was noted that all receipts were properly accounted for.

### **Minutes of the Parish Council meetings**

All minutes checked, and found to be satisfactory, with no unusual activity.

It was noted that the minutes of the annual parish meeting on 2<sup>nd</sup> June are unsigned, does the Parish Council wait until the next annual meeting to sign them?, this may be unwise given mortality rates.

In the financial procedures indicated on 2<sup>nd</sup> June 2014 minutes it is unclear what actually is being delegated to the Clerk. Councillors should review how power can be delegated and to whom, remembering that power can only be delegated to a committee, another authority or the Clerk. It would be in the interests of the Council to set out exactly what power is delegated.

### **Parish Council Agendas**

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

It would be in the interest of the Council to consider adding Acceptance of Apologies as a set agenda item.

It was noted that there is no agenda item dealing with potential Dispensations, the Parish Council should consider adding such an item to each agenda, given that the responsibility for dispensations rests with the Parish Council

### **Financial Regulations**

It was noted in minute page 411/13 that the Parish Council will adopt the latest NALC model set of Standing Orders.

### **Standing Orders**

It was noted in minute page 411/12 that the Parish Council will adopt the latest NALC model set of Standing Orders.

It would also be in the Parish Council's interest to acquire the latest copy of the Governance and Accountability Practitioners Guide for the Clerk/RFO

### **Insurance**

It was noted that the insurance has been reviewed for effectiveness.

It was noted that the Clerk contacted Zurich regarding comments in last years internal audit and found that the items raised were standard and removal would not alter the premium.

It was noted in minute 411/14 that the Parish Council has entered a three year agreement with Zurich insurance.

### **Risk assessment**

It was noted that the Parish Council has a statement of assurance (Financial Risk Assessment) is signed annually that the financial records of the Council and its performance is in line with the audit requirements, this is good practice and the Council is commended.

The Council needs to look at the risk should the Clerk suddenly be suddenly unable to carry out her function for a period of time. At the minimum there should be a back up of all council electronic files held in a separate place.

It would be in the Council's interest to have a formal policy of how the Clerk meets with parishioners should they for example wish to exercise their rights to inspect the accounts.

### **Asset Register**

The asset register was checked and found to be up to date.

### **Budget Controls**

It was noted that a budget/bank statement was issued by the Clerk/RFO at each meeting.

It was noted in minute page 411/11 that the bank mandate was agreed formally.

It was noted in minute page 411/14 that the Annual Governance Statement was approved and the Annual Return formally signed - this is good practice.

It was noted that all annual payments were listed and approved in minute page 411/14.

It was also noted in minute page 411/14 that the website and maintenance contracts were approved by the Council

### **Income Control**

It was noted that receipts were banked promptly, and the receipts and payments spreadsheet satisfactorily checked against the bank statements

It was noted in minute page 411/14 that the general financial reserve holding was agreed.

It was noted that the VAT repayments for the financial year 2015 – 2016 have been properly made.

### **Petty cash**

It was noted that Mappleborough Green does not operate a petty cash scheme, and this will be reported to the external auditor

### **Payroll**

It was noted that the Parish Council has been registered as an employer with HMRC and the Clerk identifies all PAYE and NICS to HMRC using the basic PAYE tools software and a summary of payments was seen.

It would however be in the Council's interest to consult a tax advisor to ensure that that all liabilities are efficiently assessed (e.g. is the Clerk claiming all potential tax deductions)

### **Receipts and Payments spreadsheet**

The receipts and payments spreadsheet was checked and found to be accurate

### **Year end Accounts**

The yearend accounts were checked and found to be arithmetically correct

Section 4 of the year end accounts for the external auditor Grant Thornton was completed by the internal auditor.

### **Sec 137 payments**

It was noted that the Sec.137 payments were well within the limit for Mappleborough Green Parish Council.

### **General Power of Competence**

It would be in the interests of the Parish Council to consider whether the acquisition of this power could assist the Council in its day to day business. If the Parish Council however wishes to obtain GPC the Council must recognise that the acquisition of CiLCA by the Clerk will have an impact on the her time

### **Data Protection and Transparency Act**

It was noted that the Parish Council is in the process of becoming compliant with the act, and will be in place for the 2016-2017 financial year.

**Conclusion**

Whilst undertaking the Internal Audit, it became apparent that Clerk is carrying out her responsibilities in a manner consistent with the standard required by Local Government Finance Regulations.

It was also apparent that the RFO has understood the requirements of the role and given that she has been in position for approximately five years is performing her duties well.

Where I have commented on future actions, these are only for Mappleborough Green Parish Council to consider, and implement only if the Council feels that they will improve the Council's procedures.

It will be noted that in Section 4 of the Annual Return the internal auditor has marked items F and K as Not Covered and Not Applicable. 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 Mappleborough Green Parish Council it means that the Parish Council carries no petty cash neither is it a trustee. A separate letter to that effect has been enclosed for the external auditor.

This concludes the Internal Audit.

Signed.....  Dated... 20<sup>th</sup> May 2016