

INTERNAL AUDIT REPORT

TO

**MAPPLEBOROUGH GREEN
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2016 - 2017

Prepared by: Bill Robinson

Issued April 2017

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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 2016 - 2017

The Internal audit was undertaken on 18th April 2017, and 20th May 2017 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 1st April 2016 to 31st March 2017

Date	Cheque No.	Min. ref./Item	Payee	Amount
15/04/16	100703	447/12	D.Bennett	£118.00
09/05/16	100709	447/12	Clerk	£34.01
24/06/16	100715	465/16	Zurich	£411.64
01/08/16	100721	469/16	HMRC	£68.00
05/09/16	100727	476/12	MG Village hall	£300.00
04/11/16	100735	476/12	D.Bennett	£236.00
14/11/16	100741	476/12	SLCC	£103.00
07/12/16	100746	484/13	MG School	£12.00
01/02/17	100752	484/13	HMRC	£49.60
28/02/17	100755	484/13	R.Howes	£90.17
28/02/17	100758	484/13	MG Church	£110.00
13/03/17	100765	484/13	A.Cameron	£61.04

All cheque audit trails were satisfactory
All cancelled 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.

Parish Council Agendas

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

Financial Regulations

It was noted that the Parish Council reviewed, amended, and adopted the latest NALC model Financial Regulations and recorded in the minutes of 4th July 2016 item 11). The parish Council should be aware that these regulations need to be reviewed regularly (annually). to ensure that they meet all the needs of the Parish Council

On the change to Unity Bank and internet banking the parish Council should review all security arrangements on a formal basis.

It was noted that the bank mandate was reviewed amended and recorded in the minutes of 4th July 2016 item 9) – this is good practice

Standing Orders

It was noted that the Parish Council reviewed, amended, and adopted the latest NALC model Standing Orders and recorded in the minutes of 4th July 2016 item 10). The Parish Council should be aware that these orders need to be reviewed regularly (annually), to ensure that they are still fit for purpose

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, and the Transparency Code for smaller authorities.

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 that another 3 year agreement with Zurich ghas been formally agreed and minuted

Risk assessment

It was noted that the Parish Council has a statement of assurance (Financial Risk Assessment) that is reviewed recorded and minuted in the minutes of the meeting on 14/03/16, this is good practice and the Council is commended.

It was noted that the Parish Council has now backed up all its files on memory sticks and held in another location.

It was recorded on page 478 item 15 that a formal policy of how the Parish Council manages the risk to the Clerk as she meets for example with parishioners together with one Councillor at a stated venue. This too is good practice

It was also noted on page 459 that the Clerk has been given delegated powers for specific items of planning

Asset Register

The asset register was reviewed checked and found to be up to date, although with some items to be removed in the next financial year.

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 459 item 5.2 that the annual return for 2015-2016 was approved and signed

It was noted that the precept was agreed on January 2016 and minuted in item 15 of page 440 of the 14th March meeting.

It might be in the Parish Council's to consider using a formal method of arriving at a precept figure e.g. using the budget figures for income and expenditure provided by the Clerk and carry out a line item budgeting process to ensure that all items of expenditure and income are captured on an annual basis. This system could also be utilised to carry out a budget monitoring process throughout the year.

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 that the VAT repayments for the financial year 2016 – 2017 have been properly made.

It was noted on page 453 item 13 that the parish Council determined to hold its general reserves to £10K

Petty cash

It was noted that Mappleborough Green Parish Council 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.

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 there were no payments under Sec.137

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 has largely become compliant with this legislation

Interim Audit Review

It was noted that the last internal audit report was studied and the findings acted upon as necessary – this is good practice and the Parish Council is to be commended

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... 10th May 2017