

**INTERNAL AUDIT REPORT**

**TO**

**MAPPLEBOROUGH GREEN  
PARISH COUNCIL**

**FOR THE FINANCIAL YEAR**

**2020 - 2021**

**Prepared by: Bill Robinson**

**Issued June 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 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 2020 - 2021

Due to the Covid-19 restrictions this Internal audit was undertaken remotely from 11th June 2021

### 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 2020 to 31<sup>st</sup> March 2021

Payment method	Min. ref./Item	Payee	Amount
Elec.Payment	No minute	D.J.Bennett	£68.00
Elec.Payment	No minute	Stratford on Avon DC	£536.92
Elec.Payment	No minute	MG School	£60.00
Elec.Payment	No minute	WALC	£285.00
Elec.Payment	No minute	Zurich	£380.77
Elec.Payment	No minute	Cllr.Cameron	£485.95
D.Debit	639 item 12	ICO	£35.00
Elec.Payment	639 item 12	D.J.Bennett	£158.00
Elec.Payment	639 item 12	W.Robinson	£184.80
Elec.Payment	647 item 12	SLCC	£118.80
D.Debit	647 item 12	Nest	£61.63
Elec.Payment	647 item 12	HMRC	£79.40
D.Debit	655 item 12	Lloyds Bank	£104.75
Elec.Payment	655 item 12	D.J.Bennett	£168.00
Elec.Payment	663 item 11	TEEC Ltd.	£535.19
Elec.Payment	663 item 11	D.J.Bennett	£50.00
Elec.Payment	686 item 13	Global Collect BV	£120.99
Elec.Payment	686 item 13	HMRC	£86.60

There is no minuted record of approval of payments until minute page 639 item 12 (although it was noted that Cllrs. approve payments via a what's app facility). If this lockdown situation happens again

it would be better for the Council to formally delegate power to the Clerk to facilitate the payment of invoices and record this delegation of power in the Standing Orders or Financial Regulations. The Clerk should formally minute when payments are made outside of formal council meetings.

All payment audit trails were found to be satisfactory with the payments matching the invoices.

### **Receipts.**

It was noted that all receipts were properly accounted for.

### **Receipts and Payments spreadsheet**

The receipts and payments spreadsheet was checked and found to be accurate, it would however make the process easier to understand if a date the transaction was made was added to the spreadsheet

### **Year end Accounts**

The year end bank accounts were checked and found to be arithmetically correct to the figures shown And properly reconciled to the bank statements at 31<sup>st</sup> March 2021.

### **Budget Controls**

It was noted that monthly bank statements are issued by the Clerk/RFO at each meeting to show payments, and that bank reconciliation statements are produced on an annual basis – this is good practice.

It was noted in minute page 639 item 12 that approval of the budget proposed for the financial year 2021 – 2022 was deferred.

It was noted in minute page 663 that the precept and budget for the financial year 2021 – 2022 was formally approved – good practice.

It was noted in minute page 369 item 12 that the certificate of exemption from an external audit was approved – it is good practice to formally record this decision.

It was noted that a year end balance sheet was distributed and approved – this is good practice.

The Internal Audit Report 2020-21 page 4 of AGAR has been signed by this internal auditor with item F marked as Not Covered, this is not a reflection on the Council's ability to manage its finances, it is a requirement where there is no petty cash held by the Parish 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 that the VAT repayments for the financial year 2020 – 2021 were be properly made. It was also noted that on Cllrs. expenses form the VAT is highlighted, the Parish Council should review whether this is allowed by the HMRC given that individual Cllrs may not be VAT registered, and that on some occasions it may not be clear that the Purchase is for Mappleborough Green Parish Council.

### **Asset Register**

It was noted that the asset register matched the figure in Box 9 of the 2020 – 2021 AGAR

### **Parish Council Agendas**

It was noted that all agendas were properly signed and dated, however the Clerk should add a full signature to make it a lawful summons. It would be easier for the public and press to understand if a year date was added to the date of the meeting.

Given the difficulties regarding payments of invoices, when meetings are held bi-monthly and when meetings are held online due to Covid restrictions, it would be in the Council's interest to add all payments previously made (before the meeting) and those to be made at the meeting to the agenda (or as a formal appendix to the agenda) in order that all Councillors, the public, and press are aware of all payments from Parish Council funds.

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

It was noted that there were no minutes produced until 13<sup>th</sup> August, whilst it is noted that the Council meets on a bi-monthly basis and that Covid restrictions have also played a part, it would be better to formally record what has happened especially in terms of payments and receipts.

It was noted in minute page 655 item 12 that retrospective approval of the purchase of a shredder was given by the Chair and Vice Chair, the Council should note that 2 Cllrs cannot make decisions on behalf of the Council, it would be better to delegate power to spend to the Clerk.

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

### **Financial Regulations**

It was noted that these regulations were seen online and are dated as approved 2019, the Council should be aware that they need to be reviewed on a regular basis. It would be in the Council's interest to formally record how often they will be reviewed so that a calendar can be set out.

### **Standing Orders**

It was noted that these orders were seen online and are dated as approved 2018, the Council should be aware that they need to be reviewed on a regular basis. It would be in the Council's interest to formally record how often they will be reviewed so that a calendar can be set out.

### **Public Rights of Inspection**

It was declared that these have been placed in Mappleborough Green notice boards, it would be in the Council's interest to add them to the website.

### **Insurance**

It was noted that the Parish Council will continue with Zurich as its insurer.

It might be in the Council's interest to consider adding a "key worker" clause to its insurance to cover any additional costs of another Clerk should the current Clerk be unable to carry out her functions.

### **Risk assessment**

It was noted that this is a good document and covers the major risks to the Parish Council finance and governance

### **Asset Register**

It was noted that the asset register list matches Box 9 of the AGAR

### **Petty cash**

As Mappleborough Green Parish Council does not operate a petty cash scheme this will be recorded as Not Covered on Item F of the Internal Audit Report 2020/2021 AGAR page 4.

### **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.

### **Sec 137 payments**

It was noted that there were no payments under Sec.137.

The Clerk and Council should be aware at all times of the need to have a defined power to spend money.

### **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 wishes to obtain GPC the Clerk will have to undertake the required training programme.

### **Internal Audit Review**

It was noted in minute page 639 item 12 that the internal audit report for 2019 – 2020 was reviewed and approved.

### **Conclusion**

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

It was also apparent that the Clerk/RFO has understood the requirements of the role and 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 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 Mappleborough Green Parish Council it means that the Parish Council carries no petty cash.

This concludes the Internal Audit.

Signed.....  Dated... 24th June 2021