

INTERNAL AUDIT REPORT

TO

**MAPPLEBOROUGH GREEN
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 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 2018 - 2019

Due to the Covid-19 restrictions this Internal audit was undertaken remotely from 14th July 2020

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 2019 to 31st March 2020

Payment method	Min. ref./Item	Payee	Amount
Elec. Payment	page 581 item 12.1	HMRC	£51.00
Elec. Payment	page 581 item 12.1	Staff	£40.58
Elec.Payment	page 598 item 15	D.J.Bennett	£186.00
Elec.Payment	page 598 item 15	Zurich	£377.53
D.Debit	page 598 item 15	NEST	£59.22
D.Debit	page 609 item 13	ICO	£35.00
Elec. Payment	page 609 item 13	W.Robinson	£127.40
Elec.Payment	page 609 item 13	Mapp.Green School	£300.00
Elec.Payment	page 616 item 12	Arden Marches Church	£110.00
Elec. Payment	page 616 item 12	Staff	£46.43
D.Debit	page 616 item 12	NEST	£60.42
Elec.Payment	page 624 item 13	A Cameron	£116.31
Elec.Payment	page 624 item 13	HMRC	£88.40
Elec.Payment	page 624 item 13	HMRC	£88.40
Elec.Payment	page 624 item 13	ALC	£40.00
Elec.Payment	page 624 item 13	D.Bennett	£50.00

All cheque audit trails were satisfactory

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

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 31st March 2020. Unity bank account 20378453 and Unity bank account 20389934.

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 601 item 6.1 that a year end balance sheet was distributed and approved – this is good practice.

It was noted in minute page 601 item 6.4 that a year - end balance sheet and table top forecast for expenditure against budget was approved – this is good practice.

It was noted in minute page 616 item 12 that the budget and precept setting for the financial year 2020 – 2021 was deferred to a further meeting.

It was noted in minute page 624 item 13 that the budget and precept setting for the financial year 2020 – 2021 was discussed and approved – it is good practice to formally approve the budget.

The Internal Audit Report 2019-20 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 2019 – 2020 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.

Unity Trust Bank

It was noted that the Unity Trust Bank account is now fully operational.

Annual Governance Statement 2018 - 2019

It was noted in minute page 600 item 6.2 that the Annual Governance Statement was approved and signed

Annual Accounting Statement 2018-2019

It was noted in minute page 600 item 6.3 that the annual accounting statement was approved and signed

Parish Council Agendas

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

Given the difficulties regarding payments of invoices, when meetings are held bi-monthly, 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

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

Financial Regulations

It was noted in minute page 587 item 9 that the Parish Council reviewed, and adopted the Financial Regulations.

Standing Orders

It was noted in minute page 587 item 8 that the Parish Council reviewed, and adopted the Standing Orders.

Insurance

It was noted in minute page 601 item 6.7 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 in minute page 601 item 6.8 that the risk assessment statement of assurance document was reviewed and approved – this is good document that covers all major risks to the Parish Council and its finances. The document itself was neither signed or dated, this should be rectified

It was noted in the minutes that noticeboards, bins, street lights etc have annual inspections, it would be in the Council's interest to determine whether an annual inspection of these assets would be sufficient for the insurer should one of them injure a resident (in the main most insurers require a more frequent inspection).

Asset Register

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

Petty cash

It was noted in minute page 605 and page 606 that the Parish Council would commence using a petty cash system for the Clerk to make day to day purchases.

It was noted in minute page 624 item 13 that a parish Council credit card would be used thus negating the need for the Clerk to have petty cash in her home – the Council is to be congratulated on reviewing this issue in a formal way.

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 19/20 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 Auditor

It was noted in minute page 587 item 7 that W.Robinson as the the internal auditor for 2019-20 was approved.

It was noted in minute page 600 item 5 that the internal auditor has the required Professional Indemnity insurance, the Clerk will instruct W.Robinson for the 2019-2020 internal audit

Internal Audit Review

It would be in the Council's interest to formally review and record the review in the minutes of the internal audit review.

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... 20th July 2019