BRAMPTON BIERLOW PARISH COUNCIL

Internal Audit Reports 2020/21

Faye Hazlehurst FMAAT
Community Accountant

VoluntaryAction Rotherham

The Spectrum, Coke Hill, Rotherham, S60 2HX
Tel: 01709 829821 Fax: 01709 829822
Email: admin@varotherham.org.uk Web: www.varotherham.org.uk

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 Councils Accounts and Accounting processes for 1st April 2020 to 31st March 2021.

Internal Audit Approach

The audit has been conducted in accordance with the direction of the Council set out in the approved minutes of the Council meeting held on 27 May 2020. 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 the Governance and Accountability for the carrying out of an Internal Audit', 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
- Due Process
- Risk management arrangements
- Budgetary control
- Payroll control
- Asset control
- Bank reconciliation
- Year-end procedures
- Miscellaneous

Overall Conclusion

I am pleased to conclude and report the Clerk has continued to maintain a good standard of record keeping, there were some formula issues with the income sheet but once these were resolved the receipts and payments were in balance. I have confidence that the figures lifted into the Statement of Accounts for the financial year ended 31st March 2021 are accurate.

Publications requirements – Moving forward it is recommended as best practice to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report.

There are further recommendations on improvements to the Councils functions which can be found in the body of this report.

Detailed Report

Bookkeeping
A separate computerised cashbook is kept for receipts and a separate cashbook for payments. Both cashbooks are up-to-date, the receipts cashbook has some balancing issues due to formula's not been carried over correctly. The bank is reconciled on a monthly basis and verified at council meetings. All payments selected for sampling were supported by invoices, of those selected not all were authorised and minuted. Internal controls were reviewed and agreed on 27 May 2020.

S137 expenditure is recorded in a separate column in the cashbook, minuted and is within the statutory limit.

Value Added Tax (VAT) is recorded in a separate column on the cashbook, making it easy to identify. VAT is reclaimed from Her Majesty's Revenue and Customs (HMRC) quarterly. Refunds are made into the current account. One item selected for sampling had an incorrect VAT amount listed in the cashbook and reclaimed. VAT on petty cash expenses does not appear to have been reclaimed.

The council operate a petty cash system, the figures are accounted for correctly in the AGAR.

Due Process
New model Standing Orders have been adopted, these were reviewed and approved on 27 May 2020

New model financial regulations have been adopted and were reviewed and approved on 27 May 2020. The financial regulations are properly tailored to the Parish Council and purchasing authority is defined within the financial regulations.

The council has adequate internal controls for payments, all payments require two levels of authorisation, one being the Clerk and the second an authorised Councillor with all payments approved at monthly council meetings. Direct debit mandates require two signatories and are agreed and approved every two years. Due to be reviewed in June 2021.

The summons was signed but not dated. I was satisfied that this was displayed with 3 days clear notice due to the email date. Ensure the date of the summons is included moving forward.

Risk management arrangements
All financial activities are minuted and approved at monthly Council meetings. Electronic copies of the minutes were not initialled, hard copies were not checked.

A review of 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. There was no review of risks during the year. Ensure risks are reviewed annually.

Current insurance cover is with Zurich Municipal on a three-year long-term service agreement. Due to the pandemic, the annual insurance review was circulated to members ahead of the renewal and agreed by the Chair and Vice-Chair. Insurance cover for the Parish Hall appears to be at the stated value rather than the insurance value; all other levels of insurance are adequate.

The council carries out monthly reporting and minuting of the bank balance. The council has no cash investments

Budgetary controls
The Council set their budget on an annual basis; this was agreed on 12 January 2021 in preparation for applying for the precept. The precept demand was correctly minuted.

Actual receipts and payments are monitored against the budget monthly using the management reports produced by the Clerk/RFO. Any variance is explained and minuted at Council meetings.

The Parish Council has no earmarked reserves. The level of general reserves is within 3 and 12 months running costs.

Payroll controls
The Parish employs three staff members. All employees have a signed contract of employment and a job description clearly identifying the specific duties. The salaries and other payments made to the Clerk are reasonable and have been approved by the Chair or Vice-Chair; the last review took place on appointment of the new Clerk/RFO.

Pay as You Earn and National insurance contributions are calculated by Robert Ogle, accountant. The Clerk pays the deductions calculated to the Inland Revenue on a monthly basis via online services. I was unable to view monthly wage slips.

The Parish Council has met its pension obligations with regard to Automatic Enrolment; they provide a compliant pension scheme with the Smart Pension.

The council have a grievance and disciplinary policy in place; this was adopted in February 2020 (minute 20/47) and will be reviewed in 2021.

Asset control
The Council maintains an Asset Register of all material assets owned or in its care. This was last reviewed and approved in March 2020; the council was unable to review during the year due to limitations on zoom meetings, due to be reviewed in June 2021. The asset register includes both insurance valuations and accounting valuations.

Bank reconciliations
Bank reconciliation is carried out monthly; information is presented to the council as part of the monthly management accounts. There are no unexplained balancing entries.

Year-end procedures

Accounts are prepared on a receipts and payments basis. Once the adjustments were made to the receipts cashbook, the accounts agreed to the cashbook totals. A random selection of expenditure transactions were sampled and there was an audit trail from underlying financial records to the accounts and through to the bank statement.

Miscellaneous
The point of infrequent banking was raised at the last internal audit; this is done at the end of each month and is acceptable, as the value of cash taken has decreased over the last year.

I can confirm the council has adopted the Code of Conduct since July 2012.

The council do not have a complaints procedure in place; this should be adopted as soon as possible.

All electronic files are backed up monthly onto a hard drive.

The council have a privacy policy and notice that is available to download on its website.

The Parish Council has arrangements in place for the public inspection of records; this was correctly displayed on the council's website. Moving forward it is recommended as best practice, that you also publish the Annual Internal Audit Report.

The Parish Council has two outstanding loans in operation, statements were provided as part of the audit process and the repayments were included in the Council's budget.

Part of the compliance of publication requirements for 2019/20 are to display section 1 and 2 of the AGAR along with the external auditor report. The external auditor report was displayed but section 1 and 2 was not included with the report.