

WICKERSLEY PARISH COUNCIL

Internal Audit Report 2020/21

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Background and Scope

The Accounts and Audit Arrangements introduced with effect from 1st April 2015 and amended 2020 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 Council's 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 15 March 2021. 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 guidelines set out by the Governance and Accountability for Local Councils – practitioners' guide, 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 controls
- Payroll control
- Asset control
- Bank reconciliation
- Year-end procedures
- Miscellaneous

Overall Conclusion

I am pleased to conclude and report that the Clerk has maintained a good standard of record keeping which has simplified the audit process. After the adjustment of the VAT debtor I have confidence that the figures lifted into the Statement of Accounts for the financial year ended 31st March 2021 are accurate.

Area's identified for update or improvement are to include insurance valuations on the asset register and ensure where items are part disposed asset registers are adjusted accordingly. A review of the complaints policy should be done as this was last reviewed in March

2013.

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. Further details and recommendations can be found in the body of this report.

Detailed Report

Bookkeeping

The Parish council use SAGE software that is kept up to date and arithmetically correct, the bank is reconciled on a monthly basis and presented to council. All payments selected for sampling were supported by invoices and minuted for approval at monthly meetings. Internal controls were reviewed and adopted on 26 April 2021.

S137 expenditure is recorded separately and is within limits; however as the Council have General Powers of Competence, this is not required.

Value Added Tax (VAT) has been reclaimed quarterly, there was an error with the amount of VAT reclaimed in quarter 3, and this was corrected and paid back to HMRC. I was not able to verify the adjustments due to the figures being provided gross. All invoices selected for sampling had the correct VAT recorded and reclaimed.

The Council does not operate a Petty Cash scheme. The Clerk has an imprest account but this has not been utilised during the year.

Due process

There was no review of Standing Orders during the year, last reviewed and approved on 8 May 2017. Standing Orders should be overviewed annually as part of the councils internal control check. The council adopted model standing orders with some minor amendments to reflect the way of working; these were approved and adopted on 26 April 2021.

New model financial regulations have been adopted on 15 March 2021. The financial regulations are properly tailored to the council and purchasing authority is defined within the regulations.

The council has good internal controls for payments, all payments require dual authorisation, payments are entered by the Assistant Clerk and authorised by the Clerk/RFO. All payments including direct debits are approved at monthly council meetings.

I was able to evidence that the summons are signed, specified and displayed with three clear days' notice.

Risk management arrangements

All financial activities are minuted and approved at monthly Council meetings including the regular reporting of the bank balances and bank reconciliation. Electronic copies of the minutes were not signed, hard copies were not checked

A review of the financial controls and 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. This was last reviewed and approved by Council on 26 April 2021.

The Council holds insurance with Aviva. The policy includes Public, Employers Liability and Fidelity guarantee. The level are appropriate for the size of the Council. Insurance for assets owned by the Council are in line with the current value, *recommend that if items are disposed then values on the asset register should be decreased.* An annual insurance review took place on 15 March 2021.

The Council holds cash investments in a share fund.

Budgetary controls

The Council set their budget on an annual basis in anticipation of applying for the precept. The budget was approved and adopted on 11 January 2021 and the precept demand was correctly minuted.

From September onwards actual income and expenditure was monitored quarterly against the budget and information provided to members of the Council. Any significant variance is explained and minuted at Council meetings.

The Parish council holds earmarked reserves and general reserves, both are reviewed regularly and are clearly stated. The level of reserves is within 3 and 12 months running costs.

Payroll controls

There are eight permanent paid staff, which include the RFO; all paid staff have contracts of employment in place, although these were not evidenced during the audit. Payments for salaries are recorded and approved on the monthly payment schedule presented to Council and accord to the SCP agreed by Council. Other payments to the Clerk are reasonable and approved at monthly Council meetings.

Pay As You Earn and National insurance contributions are calculated on a monthly basis in house using SAGE payroll software, the RFO/Clerk sends out payslips and pays the PAYE deductions to the Inland Revenue on a monthly basis. Monthly wage slips are issued.

The Parish Council has met its pension obligations with regard to Automatic Enrolment.

The Parish Council has separate grievance and disciplinary policies in place; these were reviewed on 12 May 2021.

Asset control

The Council maintains an Asset Register of all material assets owned or in its care. This is kept up-to-date and was reviewed and approved on 6 August 2020. The asset register shows the original purchase cost of the assets, any part disposal of an asset should be reflected in the value. *I recommend inserting a separate column showing the value for insurance purposes.*

Bank reconciliations

The bank reconciliation for the current account is carried out monthly and presented to council; all accounts are reconciled at the year-end. There are no unexplained balancing entries.

Year-end procedures

Accounts are prepared on an income and expenditure basis and a list of debtors and creditors was made available. The VAT debtor was omitted from the final AGAR figures; the Clerk has now corrected this. A random selection of income and expenditure transactions were sampled and there was an audit trail from underlying financial records to the accounts and through to the bank statement.

Miscellaneous

There points raised since the last audit have been addressed.

I can confirm the council has adopted the Code of Conduct since July 2012 and have a complaints procedure in place this was last reviewed in March 2013. *Recommend this be reviewed in the forthcoming year.*

All electronic files are backed up at least weekly to a hard drive or to the cloud.

The Parish Council has arrangements in place for the public inspection of records; this was correctly displayed on the council's website.

The council have a privacy policy in place that is available to view on the website.

The Council has General Powers of Competence; this was correctly evidenced and minuted on 18 May 2021.

There is one outstanding loan and the Council has correctly budgeted for repayments.

The Council failed to comply with the publication requirements for 2019/20 AGAR, the external auditor report and certificate displayed was for the incorrect year. In addition, no notice stating that the accounting statements were unaudited on section 1 and 2 of the AGAR. Moving forward it is recommended as best practice, that you also publish the Annual Internal Audit Report (section 4 AGAR).