
Westhampnett Parish Council

Internal Audit Report 2017-18

Prepared by Nigel Archer

*For and on behalf of
Auditing Solutions Ltd*

Background and Scope

The Accounts and Audit Arrangements introduced from 1st April 2001 require all Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council implemented the process at its outset, and we, Auditing Solutions Ltd, have provided the service ever since.

This report records detail of the work undertaken for the year at our offices, further to the provision of the file of books and records by the current Clerk.

Internal Audit approach

In undertaking our review we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts. However, in view of the relatively low number of transactions throughout the year, we have employed direct substantive testing techniques where appropriate this year

Overall Conclusion

There are no significant issues arising to warrant any formal comment or recommendation in relation to the Council's controls and processes and the Clerk is to be commended for dealing with the previous hand-over period and the quality of work provided for this review.

There was one matter identified in the preparation of the year-end detail for the purposes of the financial statement at Page 5 of the revised Annual Governance and Accountability Return (AGAR in short), which we have corrected and provided the replacement page for Clerk in accord with separate correspondence.

Notwithstanding this, we have duly signed off the Internal Audit Report at Page 3 of the AGAR, assigning positive assurances in each relevant category and returning the original document to the Clerk for submission to members for approval.

This report has been prepared for the sole use of Westhampnett Parish Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Auditing Solutions Ltd to any third party who purports to use or rely on, for any reason whatsoever, this report, its content or conclusions.

Detailed Report

Accounting Records and Bank Reconciliations

The Council has now acquired the bespoke Alpha accountancy software and the Finance Officer has entered all the transactions for the year into this package after receiving appropriate training from Rialtas (the provider), which we consider to be a significant improvement compared with that before.

- In order to verify the accuracy of the year-end detail disclosed in the AGAR, we have checked and agreed detail of all transactions in the cashbook to the bank statements for the year; and
- We are pleased to note that members continue to be provided with reports of bank balances at each Council meeting to accompany the payments lists for approval and we have checked and agreed the position as at 31st March 2018 to the relevant Barclays and NSI bank statements.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Review of Corporate Governance

There has been a wealth of legislation in the past few years including, inter alia, a further revision to the Member's Code of Conduct following issue of the Localism Act 2011, Freedom of Information Act and associated Scheme of Publication, the revised Accounts and Audit Regulations and the Contract Publication requirement. Our objective in this area is to ensure that the Council has complied with all extant legislation and has developed and maintained an appropriate governance regime.

- We have examined the Council's minutes for the year to ensure that no issues exist or are developing that may have an adverse effect on the Council's financial stability either currently or in the foreseeable future, also that, as far as we may reasonably expect to ascertain, no potentially unlawful actions or spending appear to have occurred. No such issues were identified and we note the on-going works in connection with the new Village Hall project, building of which it is hoped will commence in the Autumn;
- We note that updated Standing Orders and Financial Regulations have been prepared and were formally adopted by the Council at its meeting in July 2017; and
- We are pleased to note that the Precept for 2018-19 was properly adopted at, and recorded in the minutes of, the Council meeting in January 2018.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Review of Payments

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount: we have also examined the purchase ledger detail to ensure that detail is in line with the nominal accounts; and
- VAT has been appropriately identified for periodic recovery.

Due to the relatively low number of annual transactions, we have examined all payments in the year to ensure compliance with the above criteria and are pleased to record that no significant issues have been identified.

We have previously noted that the Council's outstanding recovery claims for the period March 2015 to February 2017 were duly submitted and monies received prior to the commencement of the current year but testing in this area currently did not identify any similar claim for 2017-18 to date and trust that this will be progressed as soon as possible, if not already undertaken, subsequent to the year-end closedown.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Assessment and Management of Risk

We have pleased to note from our examination of minutes and other documentation provided for this purpose that sound Risk Assessments are reviewed and adopted on an annual basis and have been provided copies of the most recent documentation for the purposes of this review and no further comment is considered necessary currently.

We note that insurance cover is provided by Hiscox and we have examined the current policy schedule (year ending May 2018) and consider that an appropriate level of cover exists for the Council's needs at present, with both Public Liability and Employer's Liability standing at £10 million, Fidelity Guarantee at £150,000 and Business Interruption at £1,000.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Budgetary Control and Reserves

We note that members have considered the budgetary and Precept requirements for 2018-19 in detail, formally adopting the latter at £42,900 (unchanged compared with 2017-18) and that this was properly recorded in the minutes of the Council meeting held in January 2018.

We are also pleased to note that periodic budget monitoring reports continue to be provided to members during the financial year and that Total Reserves as at 31st March 2018 stand at £66,050 (equally matched by cash at bank balances). This is considerably higher than that brought forward and is a direct result of the development of specific Reserves for the Village Hall project, expenditure for which has yet to commence.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Review of Income

The Council has very limited sources of income, basically just the Precept, bank interest and sundry grants and donations supplemented by occasional VAT recoveries, none of which require additional internal audit examination, other than agreement to bank statements and supporting documentation, which has been undertaken as recorded earlier in this report.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Petty Cash Account and Charge Cards

The Council does not operate a formal petty cash account, any “out-of-pocket expenses” incurred by the Clerk or members being reimbursed periodically through the routine payment process, detail of which we have checked and agreed in full for the year as noted earlier in this report, nor does it operate any form of corporate debit / credit card.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Salaries and Wages

Our aim here is to ensure that the Council’s employee (just the part-time Clerk with the Finance Officer engaged on a self-employed, invoicing basis) paid in accordance with the terms of their appointment and that, where appropriate, Income Tax and National Insurance deductions have been correctly deducted and paid over to HMRC accordingly.

We note that West Sussex CC continue to provide a third party payroll bureau service and have verified the payments for the current Clerk for the year since appointment in August 2017.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Asset Registers

The Accounts and Audit Regulations 1996 (as amended periodically) require that all Councils establish and maintain inventories/asset registers of buildings, land, plant and equipment, etc. owned by them.

We are pleased to note that an appropriate asset register is in existence and that this has been duly updated in accord with the existing regulations requiring amendment only in accord with new acquisitions / disposal at cost with no “insurance inflation” or depreciation. As discussed verbally with the Clerk at the time we collected the books and papers, we have agreed that the Box 9, Page 5 disclosure in the revised AGAR is in order currently.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Investments and Loans

The Council currently holds no “investment” requiring separate disclosure in the Statement of Accounts, nor does it have any loans either repayable by or to it.

Conclusions

There are no matters arising in this area to warrant formal comment or recommendation.

Statement of Accounts and Annual Return

We have checked the accuracy of detail in the Annual Statement of Accounts to the underlying cashbook and other supporting documentation, also checking the necessary data transposed onto the face of the AGAR at Page 5 prior to submission to members for approval.

As noted in separate correspondence, one error in the drafts was identified with the transfer of the “dormant” Savings account balance being recorded as income for the year but the sum was already part of the cash-in-hand values brought forward from the previous year: therefore the closing balances at Boxes 7 and 8 were overstated. We have provided the necessary revised document and trust this will be presented for approval in due course.

Conclusions

As noted in the preamble to this report, we have duly signed off the Internal Audit Report at Page 3 within the AGAR, assigning positive assurances in all relevant categories.