

Internal Audit Service

Report for East Challow Parish Council

Statement and matters arising 2016/2017

The Internal Audit was carried out at all times within the guidelines of the Governance and Accountability for Local Councils – A Practitioners Guide 2014.

The following functions of the Council were examined carefully and evidence found that these functions were performed satisfactorily on behalf of East Challow Parish Council:

- proper book keeping
- budgetary controls
- payment controls
- income controls
- bank reconciliations
- year-end procedures
- payroll controls
- administration procedures

In addition it was found that Standing Orders, Financial Regulations and Risk Management Report were up to date and referred to regularly and appropriately.

All accounts data is processed by a spreadsheet which is comprehensive, accurate and perfectly adequate for this Council. It is my opinion that this spreadsheet system being used for the accounts is fit for purpose for East Challow Parish Council.

East Challow Parish Council has a precept of £28,000 which it appears to use with a well thought out budget. The parish has the benefit of a CiLCA trained Clerk, although I understand they cannot use the General Power of Competence due to lack of elected Councillors.

Six audit trails were performed with no problems uncovered within four of them from this sample. The other two audit trails raised some issues which I note in the table below.

I can see that it is not always an easy task, with such few Councillors and many important planning decisions to comment on, to push forward and resolve the many legislative and good practice procedures and policies that should be adhered to.

Therefore any recommendations I make will be based on what I feel is practicable and is good practise to enable the Council to work more efficiently and effectively throughout all its processes and procedures.

Review of Recommendations from the Internal Audit for 2015/2016 and any actions taken or outstanding

| | Matters Arising | Recommended Action |
|-------|---|--|
| 1(a) | No evidence that the Internal Auditor's report was discussed by Council | This is now rectified and the report from 15/16 was discussed at the Council meeting in May 2016. |
| 1(b) | Review of the effectiveness of the Internal Auditor | No evidence that a review of the effectiveness of the Internal Auditor was carried out. |
| 2 (a) | Review dates for Standing Orders, Financial Regulations and Risk Assessment were not added to documents. | Review dates still not added to the documents but I was pleased to see in the minutes that the Risk Assessment had been reviewed (no changes to be made). |
| 2(b) | No Anti- Fraud Policy | I am satisfied that enough measures for anti-fraud are recorded in the Risk Assessment and Financial Regulations. |
| 3 | There is no evidence to show that Internal Control is being carried out by the Council. | Although I could find no evidence to support this, I understand from the Clerk that it is being carried out by two Councillors on an informal basis. |
| 4 | <p>Minutes</p> <p>(a) Budget Monitoring not included in the minutes</p> <p>(b) Expenditure agreed in the minutes did not have the power to spend added to that minute.</p> <p>(c) AOB is included in your minutes</p> | <p>(a) Although still not discussed and presented at each meeting (or even quarterly as suggested) I see that monitoring of the budget is happening on a regular basis.</p> <p>(b) It is really important that when the Council approves an expenditure it knows it has the "power" to do so. Getting into the habit of having the appropriate "power" recorded with each financial decision will reinforce a correct decision.</p> <p>(c) This is still included within your minutes. There also appears to be financial resolutions made under AOB – eg minute number 317/16 recoded approval for skip hire at a cost of £350 As last year, I would still like to recommend that AOB is removed and only agenda items discussed and resolved (especially where it comes to financial resolutions).</p> |
| 5 | Procurement and contracts | <p>I would still like to see some regular reporting on the effectiveness of the performance of suppliers (regular and occasional) and contractors to ensure that the Parish Council are putting all steps in place to get best value.</p> <p>I note that at each meeting throughout the year you resolve to discuss the item "contracts and leases" at the following month's meeting. It would be advantageous to get this exercise completed, which would enable you to review the effectiveness of your current suppliers and discuss the use of an order book (recommended last year).</p> |

Following on from my Internal Audit for 2016/2017 I have two items of note and recommendations to make.

| | Matters Arising | Recommended Action |
|---|--|--|
| 1 | <p>Some of the Minutes show no consistency of reporting</p> | <p>During my inspection of the 2016/2017 minutes I noted that on two occasions (I particularly noted these as I had chosen these as the part of the audit sample) I found gaps in the recording of the minutes that without asking questions I could not follow through to a reasonable conclusion.</p> <p>(a) The payment of two lots of £400 of fees for some planning consultancy. Because the recipient appears to be a member of the planning committee (and therefore should not be paid for services) I wanted to be extra vigilant in this audit sample.</p> <p>I noted that in the finance section of the April 2016 minutes that the Council approves the expenditure. Was this possible expenditure approved in a previous meeting, before the invoice was received? There is certainly no real explanation or reasoning recorded.</p> <p>Besides the fact that no member of a committee of the Council should be paid there is also the issue that the Council do not have the power to spend on this service (unless you would consider it a S137 payment).</p> <p>(b) There is mention of a purchase of a laptop in the April 2016 meeting minutes, then no further mention until in August 2016 when the Clerk is requested to apply for a NALC (via OALC) grant to comply with the Transparency Code which states that Council's with a turnover of less than £25,000 PA do not have to send an Annual Return to an external auditor BUT do have to publicise their annual return and many other documents on the website. The grant goes towards the cost of being able to comply with this (so purchases of consultancy, new website, maintenance, up to date computer, scanner etc.).</p> <p>Clearly the grant application is successful and in the November minutes the Council approve the buying of a laptop and software.</p> <p>I was pleased to see 3 quotes for the purchase of the laptop.</p> <p>From the invoice from John Lewis it would also seem that 2 printers were purchased.</p> <p>From then on there is no reference to the use of the laptops (or the printers). I was pleased to see reference of use of the website but I could not ascertain where the laptop or printers were sited, who was using them and what steps were being put into place to comply with the transparency code.</p> <p>I would recommend that the recording of minutes make sure that ALL important details are recorded and that there are no gaps which cannot be explained.</p> |

These matters above should be reported at the next available meeting of the Parish Council and any decision taken should be minuted.

Signed.....Patricia Ingham 27th April 2017