

WHITE COLNE PARISH COUNCIL

INTERNAL AUDIT REPORT

FOR THE YEAR ENDED
31 March 2018

Nancy Powell Davies, BSc, ACMA, CGMA
Internal Auditor

June 2018

Introduction

A smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.' These auditing standards and guidance have been set out in 'Governance and Accountability for Smaller Authorities in England' published in March 2017 and available on the NALC website. My internal audit review of the Parish Council's financial affairs for the year was guided by these documents and the requirements of the Annual Internal Audit Report that forms part of the Annual Governance and Accountability Return for the Council.

I would like to take this opportunity to express my appreciation to Mr Williams, Clerk and Responsible Finance Officer to the Council for his assistance.

Findings

The major findings and recommendations are listed below. More details can be found in the Appendices provided with this report.

1. A computerised spreadsheet accounting system is in use for the main council activities with separate sheets for some but not all of the transactions relating to the village hall. These all reconcile to the bank statements.
2. The budgetary process supporting deliberations for the annual precept requirements are adequate. A statement of transactions and funds available is provided for each meeting with a comparison of progress against budget. Details of transactions and funds relating to the village hall are also reported.
3. At the year end the council had total reserves just over £23,000. Of this, monies received from the 50 Club are earmarked for specific projects and a further sum has been set aside towards the cost of re-roofing the Village Hall. This left just under £15,000 as general reserves which is an appropriate level
4. Standing Orders and Financial Regulations were reviewed by the Council at its meeting in March 2018.
5. The Council agreed an updated Risk Management Policy at its meeting in March 2018. This does not include any consideration of the risks of using electronic banking.
6. The council accounts on a cash or receipts and payments basis where payments are recorded when made rather than being matched to the period to which they relate. This is appropriate for a council of this size.

7. Under the Transparency Code for Smaller Authorities 2014, the Parish Council are now required to publish certain information on a website. The Council manages its own website which contains some beautiful photos of the village and has an interesting style. It does not, however, contain much of the information required by the Transparency Code, most notably a copy of the Annual Return for the year ended 31 March 2017 and accompanying documents and a list of land and building assets. Further details are given in Appendix 2 to this report.

Recommendations

My recommendations to the Council are shown below.

1. The risks involved in using electronic banking and the ways these have been addressed should be added to the overall council risk assessment.
2. The information required under the Transparency Code for Smaller Authorities 2014 must be posted on the Councils website.

Opinion

The financial affairs of the council are generally well maintained. The Council should continue to work with the Clerk and Responsible Finance Officer to address the issues raised above.

N Powell Davies

Nancy Powell Davies ACMA, CGMA

21st June 2018

WHITE COLNE PARISH COUNCIL – DETAILED FINDINGS 2017/18

Expectation	Findings	Recommendations
A Appropriate books of account have been properly kept throughout the year.	<ul style="list-style-type: none"> • A computerised spreadsheet accounting system is in use for the main council activities. This reconciles to the bank statements. • Although the Responsible Financial Officer now has responsibility for all transactions related to the Village Hall, separate spreadsheets continued to be maintained during the year and a second bank account is used for many but not all related transactions. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
B The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<ul style="list-style-type: none"> • Standing Orders and Financial Regulations were reviewed by the Council at its meeting in March 2018. • Payments were supported by invoices in most cases and expenditure is approved by the Council. • VAT was appropriately accounted for. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<ul style="list-style-type: none"> • The Council agreed an updated Risk Management Policy at its meeting in March 2018. This does not include any consideration of the risks of using electronic banking. 	<ul style="list-style-type: none"> • The risks involved in using electronic banking and the ways these have been addressed should be added to the overall council risk assessment.

Expectation	Findings	Recommendations
<p>D The annual precept requirements resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves were appropriate.</p>	<ul style="list-style-type: none"> • The budgetary process supporting deliberations for the annual precept requirements are adequate. • A statement of transactions and funds available is provided for each meeting with a comparison of progress against budget. These now include transactions and bank balances related to the Village Hall. • At the year end the council had total reserves of £23,064. Of this, £3,166 had been received from the 50 Club so was earmarked for specific projects. A further £5,000 has been set aside towards the cost of re-roofing the Village Hall. This left £14,898 as general reserves which is an appropriate level for this council. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
<p>E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	<ul style="list-style-type: none"> • Expected income was fully received and adequately recorded. All monies for letting of the Village Hall is now banked directly. • There is no VAT on income to be accounted for. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
<p>F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.</p>	<ul style="list-style-type: none"> • The petty cash account has now been closed. Minor expenses are re-imbursed by cheque. 	<ul style="list-style-type: none"> • Agreed that expectation met with.

Expectation	Findings	Recommendations
<p>G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.</p>	<ul style="list-style-type: none"> • A contract of employment for the clerk was agreed and signed in May 2011. The Council agreed a 2% increase in the Clerk's salary at its meeting in January 2018. • The village hall cleaner and booking clerk are considered to be self-employed and responsible for accounting for their own tax and NI. • No allowances were paid to members. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
<p>H Asset and investment registers were complete and accurate and properly maintained.</p>	<ul style="list-style-type: none"> • A detailed consolidated Asset Register is included in the annual accounts. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
<p>I Periodic and year end bank account reconciliations were properly carried out.</p>	<ul style="list-style-type: none"> • Regular reconciliations to the main council bank account are carried out and reported to each Council meeting. • Two additional accounts were opened in March 2018 with the Unity Bank to facilitate on-line banking. 	<ul style="list-style-type: none"> • Agreed that expectation met with.
<p>J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book and were supported by an adequate audit trail from underlying records.</p>	<ul style="list-style-type: none"> • The council accounts on a cash or receipts and payments basis where payments are recorded when made rather than being matched to the period to which they relate. This is appropriate for a council of this size. • The statements comparing spend to budget estimate for each meeting are also prepared on a receipts and payments basis and now include all transactions relating to the village hall. 	<ul style="list-style-type: none"> • Agreed that expectation met with.

WHITE COLNE PARISH COUNCIL
REQUIREMENTS OF TRANSPARENCY CODE FOR SMALLER AUTHORITIES
Information to be posted on a website

Requirement	Finding
PUBLICATION OF EXPENDITURE Smaller councils are required to publish annually the details of each individual item of expenditure above £100.	Extracts from the minutes showing all items of expenditure are posted on the parish council's website.
PUBLICATION OF END OF YEAR ACCOUNTS Smaller councils must publish their statement of accounts according to the format included in the annual return form. The statement of accounts must be accompanied by: <ul style="list-style-type: none"> • copy of the bank reconciliation for the relevant financial year; • explanation of any significant variances (e.g. more than 10-15%, over £200) in the statement of accounts between the current year and previous year; • explanation of any differences between 'balances carried forward' and 'total cash and short term investments' 	The annual return form for 2016/17 including the statement of accounts and accompanying bank reconciliation and explanation of variances between years are not available on any website.
PUBLICATION OF ANNUAL GOVERNANCE STATEMENT Councils must publish their annual governance statement according to the format included in the annual return form.	The Annual Return for 2016/17 including the annual governance statement is not available on the Council's website.
PUBLICATION OF INTERNAL AUDIT Councils must publish their annual internal audit report according to the format included in the annual return form.	The internal auditor's report that formed part of the annual return for 2016/17 is not available on the website.

<p>PUBLICATION OF LIST OF COUNCILLOR RESPONSIBILITIES Councils must publish a list of councillor or member responsibilities. The list should include the following information:</p> <ul style="list-style-type: none"> • names of all councillors; • committee membership and function (if chairman or vice-chairman) of each councillor; • representation on external local public bodies (if nominated to represent the council) of each councillor. 	<p>There is a list of councillors on the council’s website with the Chair and Vice Chair of the council noted.</p>
<p>PUBLICATION OF LAND AND BUILDING ASSETS Smaller local councils should publish details of all public land and building assets.</p>	<p>Details of public land and building assets are not available on the Council’s website.</p>
<p>PUBLICATION OF MINUTES, AGENDAS, AND PAPERS OF FORMAL MEETINGS Councils must publish the draft minutes from all formal meetings (i.e. full council, committee and sub-committee meetings) not later than one month after the meeting has taken place. Even if the minutes have not been finalised the draft minutes should be published. Councils must also publish meeting agendas, which are as full and informative as possible, and associated papers not later than three clear days before the meeting is taking place.</p>	<p>Minutes of the meetings of the Council are posted on the website. Detailed Agendas are also posted.</p>