

WHITE COLNE PARISH COUNCIL

INTERNAL AUDIT REPORT

FOR THE YEAR ENDED
31 March 2019

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Internal Auditor

May 2019

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 2019 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. The books of account are kept on computer spreadsheets. Transactions relating to the Village Hall are now on the same receipts and payments sheets as other council transactions.
2. During the year up to five bank accounts were in operation. By the end of the year this had been rationalised to just two. Regular reconciliations to the main council bank accounts are carried out and reported to each Council meeting. These are also checked by the Chairman and I was able to reconcile them to the year-end accounts.
3. The budgetary process supporting deliberations for the annual precept requirements are adequate. A statement of transactions including those relating to the village hall and details of funds available is provided for each meeting with a comparison of progress against budget.
4. At the year end the council had total reserves of nearly £27,000. 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 nearly £19,500 as general reserves which towards the upper level of what is considered appropriate. *It is understood that a further sum of £2,000 has been added to the earmarked reserve for repairing the Village Hall roof since the end of the year, thus reducing the level of general reserves.*
5. Standing Orders and Financial Regulations were reviewed by the Council at its meeting in March 2019 and approved unamended.

6. The Council agreed an updated Risk Management Policy at its meeting in March 2019.
7. The rates paid to the Village Hall cleaner are below the national minimum wage.
8. Under the Transparency Code for Smaller Authorities 2014, the Parish Council are required to publish certain information on a website. Most of the information required has been posted but some could not be found. Further details are given in Appendix 2 to this report.

Recommendations

My recommendations to the Council are shown below.

1. The cleaner should be paid at least the minimum wage. *It is understood that the new cleaner engaged in April is paid above the minimum wage.*
2. The new laptop computer and printer should be added to the asset register.
3. The information required under the Transparency Code for Smaller Authorities 2014 must be posted on the Council's website.

Opinion

The financial affairs of the council are 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
31st May 2019

WHITE COLNE PARISH COUNCIL – DETAILED FINDINGS 2018/19

Expectation	Findings	Recommendations
A Appropriate books of account have been properly kept throughout the year.	<ul style="list-style-type: none"> • The books of account are kept on computer spreadsheets. Transactions relating to the Village Hall are now on the same receipts and payments sheets as other council transactions. • The spreadsheets were reconciled to the bank accounts. 	<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 2019 and approved unamended. • Payments were supported by invoices 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 2019. 	<ul style="list-style-type: none"> • Agreed that expectation met with.

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 £26,810. Of this, £3,166 had been received from the 50 Club so was earmarked for specific projects and £32 is held specifically for use on the allotments. A further £5,000 has been set aside towards the cost of re-roofing the Village Hall. This left £19,476 as general reserves which is towards the upper level considered appropriate 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"> • No petty cash account is kept. Minor expenses are re-imbursed by cheque or directly from the bank by electronic transfer. 	<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. • The cleaner was paid at a rate of £7.50 per hour. This is below the minimum wage which was increased to £7.83 per hour from the beginning of April 2018 and has been increased again to £8.21 per hour from April 2019. • No allowances were paid to members. 	<ul style="list-style-type: none"> • The cleaner should be paid at least the minimum wage.
<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. It did not include the laptop computer and printer purchased during the year. 	<ul style="list-style-type: none"> • The new laptop computer and printer should be added to the asset register.
<p>I Periodic and year end bank account reconciliations were properly carried out.</p>	<ul style="list-style-type: none"> • During the year up to five bank accounts were in operation. By the end of the year this had been rationalised to just two: current accounts with NatWest and Unity Trust. • Regular reconciliations to the main council bank accounts are carried out and reported to each Council meeting. • The reconciliations are also checked by the Chairman and I was able to reconcile the bank statements to the year-end accounts. 	<ul style="list-style-type: none"> • Agreed that expectation met with.

Expectation	Findings	Recommendations
<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. 	<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.	All items of expenditure for the council including the village hall during 2017/18 were published.
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 statement of accounts which formed part of the AGAR for 2017/18 has been published, together with the year-end bank reconciliation. The explanation of significant variances between years could not be found, however.
PUBLICATION OF ANNUAL GOVERNANCE STATEMENT Councils must publish their annual governance statement according to the format included in the annual return form.	The Annual Governance Statement that formed part of the AGAR for 2017/18 could not be found 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 detailed internal audit report issued June 2018 is on the Council’s website.

<p>PUBLICATION OF LIST OF COUNCILLOR RESPONSIBILITIES</p> <p>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 and membership of the Village Hall Management Committee noted. The notes under ‘About’ refer to a second committee – the Events Committee. Membership of this is not noted.</p>
<p>PUBLICATION OF LAND AND BUILDING ASSETS</p> <p>Smaller local councils should publish details of all public land and building assets.</p>	<p>The full list of assets, including land and buildings is published on the website.</p>
<p>PUBLICATION OF MINUTES, AGENDAS, AND PAPERS OF FORMAL MEETINGS</p> <p>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.</p> <p>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 and detailed agendas are posted on the website. The minutes for the meeting on 17th July 2018 could not be found. There is also a problem in that the Code requires that the minutes should be posted within a month of the meeting, meaning that they are expected to be posted before the next meeting in draft format.</p>