Thorp Arch Parish Council Internal Audit Report April 2019

Introduction

This is the first year that I have completed the year end audit for Thorp Arch Parish Council. The scope of this audit is to look at the policies and procedures currently in place, to examine the financial transactions for 2018/19 and to make recommendations for improvement. The conclusions reached from the audit are based on the information given to me by Tina Wormley Parish Clerk and Responsible Financial Officer.

The role of an internal auditor is to ensure that there are robust controls in place which ensure that a council is functioning effectively.

Internal auditing is an independent, objective assurance activity designed to improve an organisations operation. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

 My report should go to full council and be discussed, and the recommendations considered. If at the end of my visit I feel that I can sign off the Annual Return without qualification, then I will do so.

Audit Findings.

 As it was the first time, I had undertaken this audit, Tina and I had a preliminary discussion regarding the operation of the Council. I had also carried out some preparatory work prior to my visit by looking at the website, looking at the minutes for the year being audited and ensuring that all documentation including financial policies were on the site.

Policies and Procedures.

Policies and procedures are important tools for the effective running of an organisation. Procedures help the council to act in a legal and consistent manner.

During my audit visit policies and procedures were examined and found to be satisfactory. There was only one omission and that was the Internal Controls Document which had not been updated prior to my visit. It is good practice for councils to review and complete this document prior to my visit to demonstrate that the current controls are fit for purpose. Tina stated that this will be a May 2019 agenda item.

Having an effective internal audit process is only part of ensuring effective governance it is important that councils themselves maintain adequate systems of control which are regularly reviewed for effectiveness.

I also examined the Council’s Risk Assessment Statement and concluded that the Council had reviewed the services it provides and documented and mitigated any perceived risks.

Code of Conduct and Disclosure of Interest Forms for Councillors

Thorp Arch Parish Council has 5 councillors, each councillor has completed a disclosure of interest form which is on the website. The purpose of displaying these forms is to ensure that councillors properly declare their interests and at each council meeting and declare any interests that they may have. I found this area to be satisfactory.

Website

An increasing level of importance is now placed on a council web site. It could be described as the shop window of the council and its important that it includes all the necessary council information and is easy to navigate and visually attractive. I found the council website informative, attractive and easy to navigate. I also noted that the council was complying with the requirements of the Transparency Code as all the information necessary for compliance had been included.

Minutes

I examined the minutes of the Full Council for the current year and found them to be satisfactory. Queries and notes that I had made from my examination of them from the council website prior to my visit were satisfactorily answered by Tina.

Appropriate Books of Account

I found that there were excellent systems of financial control in operation. There is an excellent audit trail for all transactions with invoices that were properly filed. I also noted an excellent system for monthly bank reconciliation’s, and it was a quick and easy process to check that each reconciliation balanced to each bank statement. The Council operates an on-line system for payments and the controls in place, I found to be robust and effective.

It is important to remember that a council is responsible for employing an effective RFO but that the Council as a corporate body remains responsible for the council finances. The bank reconciliations and statements are checked and evidenced by the Chair of the Parish Council Cllr Richardson which is an excellent financial control.

The Council only has one bank account and depending on future income streams it may be of benefit going forward to open an account which gives interest? Although interest rates are not currently high it would demonstrate that the Council has been prudent in maximising all monies available.

Tina and I discussed the income streams that the council received. From the examination of the bank statement I found that this looked satisfactory and all expected income had been received and promptly banked.

I examined the payments for the year being audited and found that all payments were supported by invoices and that VAT had been properly accounted for.

 Budgetary Process

Tina and I discussed the budgetary process which I found to be satisfactory. Thorp Arch Parish Council properly considered the challenges posed to it when determining the size of its Precept request.

Staffing

Thorp Arch Council currently employs only Tina as Clerk and RFO. The necessary employment policies are in place and Tina has an annual appraisal which was evidenced by the increments given to her at her last performance review.

Payroll administration is completed by a payroll provider Craig Williamson. I find that outsourcing payroll is often better than completing it in house as this can be a time-consuming area to manage.

Insurance

 As with many councils Thorp Arch uses an Insurance Broker Came and Co. The use of such a service ensures the Council is getting the correct number of quotes and receiving value for money.

Asset Register

Tina and I discussed the Council’s Asset register and the requirements of the External Auditor when completing the asset register information on the Annual Return. The items that I had noted whilst going through the invoices which should be added to the register had been included and I concluded that this area was satisfactory.

Annual Return

Tina had prepared section 2 of the Annual Return in draft and I could ascertain that the figures noted on it were correct. I could therefore sign the Annual internal audit report page of the Annual Return 2018/19 without qualification.

Recommendations

My recommendations from this visit are:

* Consideration, to maximising funds by placing some funds in an interest earning account.
* The Internal Controls Document should be completed prior to future audit visit as proof that the Council has reviewed its current financial systems to ensure that they are robust.

Conclusion

I concluded that Thorp Arch Parish Council is a well-run council with excellent financial systems of control.

I would like to thank Tina for her help throughout the audit process and to wish Thorp Arch Parish Council all the best in its endeavours in supporting its community in 2019-20.

Diane Brown

Thorp Arch Parish Council Internal Auditor

13/04/2019