THRYBERGH PARISH COUNCIL

INTERNAL AUDIT REPORT 2017/18

1 I have completed an audit of the internal controls of Thrybergh Parish Council in respect of the financial year ended 31st March 2018. Having completed the audit, I have been able to sign the Annual Report by the Internal Auditor in accordance with the requirements of the Audit Commission Act 1998 (Accounts and Audit (England) Regulations 2011) ??? and in so doing have noted that the Council conducts its affairs in a sound manner and that it is well served by its Clerk who carries out his duties in a conscientious way and to a satisfactory standard.

2. In carrying out the audit I have followed the suggested approach to Internal Audit Testing as defined by the National Audit Office and can confirm that I have acted independently in carrying out the Audit.

3. Internal Control 1 - Proper Book-keeping

(a) Is the cashbook (receipts and payments) maintained and up to date?

Yes. The Accounts continue to be kept in good order throughout the year with a good system of cross-referencing. This is helpful on the income side in linking the accounts, the receipts and the bookings diary.

(b) Is the cash book arithmetic correct?

Yes. An arithmetical check has been carried out in accordance with the recommendations.

4. Internal Control 2 - Standing Orders, Financial Regulations and Payment Controls

(a) Has the Council formally adopted Standing Orders and Financial Regulations?

Yes. The Parish Council continues to operate based on a comprehensive set of Standing Orders and Financial Regulations, which are reviewed regularly.

(b) Has a Responsible Financial Officer been appointed with specified duties?

Yes, the Clerk is the appointed Responsible Financial Officer and there is reference to the R.F.O.'s specific duties in the Financial Regulations.

(c) Have items or services above a de-minimis amount been competitively purchased?

Yes. There is no evidence to suggest that the Council is not achieving good value for money from its contracts for the supply of goods or materials, or for the execution of works.

(d) Are payments in the cashbook supported by invoices, authorised and minuted?

Following a complete review of the financial records, it is evident that payments are supported by invoices, authorised and minuted appropriately.

The 'Receipts and Payments' book is kept up-to-date. Cheques which are issued are recorded when cashed, so that the Clerk can regularly, by contacting the bank, know exactly the amounts in the bank and also the cheques issued but not yet presented.

The requirement for all payments to be by signed cheque has been relaxed and the Council makes use of direct debit and BACS transfer payments. This is a much more efficient and cost-effective method of payment and is under the control of the Clerk. All such payments were supported by invoices and, in the case of staff payments, by appropriate monthly wage slips.

(e) Has VAT on payments been identified, recorded and reclaimed?

Yes. As part of this internal audit, the VAT on payments has been identified and recorded correctly in all cases. It is also appropriate to note that the claims for VAT repayment continue to be made in a very good, accurate and timely manner.

(f) Is Section 137 expenditure separately recorded and within statutory limits?

There is a good process for separately recording s137 expenditure and the amounts shown for the financial year are within the statutory limits. The Council should ensure that it is satisfied that the money granted has been used for the stated purpose by the receiving organisations, perhaps by examining the accounts the organisations. In addition, the Council should ascertain that the grant money is being used for the benefit of residents of Thrybergh Parish.

(g) Financial Control

The bank should be contacted every week to ensure sufficient funds are available, to check account balances and money paid in and also the clearing of cheques. This will then give an indication of cheques outstanding.

(h) Petty Cash

The Council uses a petty cash system in respect of the purchase of small, low-cost items, many of which relate to the use of the Parish Hall. The Clerk maintains detailed records of the use of petty cash.

5. Bar Account

The Council must continue to undertake detailed monitoring of the hall bookings and the bar account to satisfy itself as to the continuing financial viability of the licensed bar facility.

After every function, all stock is counted individually, by product type, to find out how much has been sold. This process allows the Parish Council to estimate the amount of income which should have been taken over the bar. Purchases are

recorded, including the goods available for sale (ie: all existing stock). At the end of the financial year, the final total of money banked for the year is compared to the total expected income.

A cash float of £350 is carried in the bar till and this amount is checked and counted after each function. The bar takings are banked as soon as possible after every function and the Clerk contacts the bank every week to check that the money has been banked.

Both the Clerk and the Bar Steward are keeping close control of stock levels, so that excessive levels of stock are not being held unnecessarily. This is important in view of the small number of events which have taken place in the past year.

6. Thrybergh Parish Hall

The Parish Hall Secretary keeps a diary of bookings of events. He records the money received and banks this money on a regular basis, generally twice per month. The Clerk keeps a summary of the Hall's regular users, including dates when the Hall is being used, the amounts received (with corresponding receipt numbers) and a list, in date order, of the casual users, payments, received and their receipt numbers. At the end of the financial year, a summary is produced showing the amounts due, the amounts paid and the amounts outstanding for each regular user of the Hall, as well as the total amounts received for the casual users and any amounts due. Payments received in advance, for events in the following year, are recorded separately.

A thorough audit of the Parish Hall income revealed that accounting for all rents due was accurate and the Parish Council has a system in place to double check the bookings and the rent due and received.

Bank statements are received for the Parish Hall and the money received is checked against the Parish Hall account.

The Parish Hall books should continue to be inspected by the Clerk on a regular basis and information recorded in the Council's summary account.

It is recommended that the Hall Secretary should report to the Council any rental amounts which have been outstanding for more than six months.

During the past financial year, the new Parish Hall Secretary has assumed the role. It is recommended that the new Hall Secretary should endeavour to maintain an appropriate system in respect of Hall bookings in order that there is a clear audit trail from initial booking, to receipt and banking of rent payments.

7. Wages and Staff Costs

A tax record for each employee is maintained in accordance with the HM Revenues and Customs requirements for the 'real time', immediate reporting of

the payment of wages. This includes any national insurance, income tax and pension. Consequently, the correct amount is sent to HMRC. At the end of the financial year, the last payment made to HMRC should, along with previous payments for the year, agree with the actual amounts for national insurance and income tax disclosed to HMRC. In respect of pensions, the appropriate amounts of employer and employee contributions are paid regularly each month to the South Yorkshire Pensions Authority.

8. Financial Year End

A summary is made of the total receipts and the total payments. A surplus, or a deficit, is revealed. With regard to the Bar at the Hall, the cost of the Bar is calculated from opening stock plus costs, minus closing stock. Payments of invoices received after the end of the financial year, recorded in the up-to-date 'Receipts and Payments' book, are added so that an Income and Expenditure Account and a Balance Sheet for the year are produced.

A Statement of Accounts is produced for the External Auditor, which shows last year's figures (2016/17), as well as this year's (2017/18). A summary is also produced, recording all of the Parish Council's bank accounts and their individual balances at the end of the financial year.

9. Risk Management Arrangements

The carrying out of an annual risk assessment is part of the arrangements for Corporate Governance. It has been noted from the accounts and invoices that there are regular fire and alarm inspections, as well as a fire risk assessment at the Parish Hall.

It is evident that insurance cover is reviewed on an annual basis and the insurance policy is kept up to date. The Parish Council is recommended to review the insurance cover in respect of personal accident and also libel and slander to ensure that the insured amounts are sufficient.

10. Significant Expenditure

There were no items of significant expenditure in the financial year 2017/18.

11. Recommendations

(1) Parish Hall – record of hire and receipts

The Parish Hall Secretary should maintain an appropriate system in respect of Hall bookings in order that there is a clear audit trail from initial booking, to receipt and banking of rent payments.

(2) Insurance

The Parish Council should review the insurance cover in respect of personal accident and also libel and slander to ensure that the insured amounts are sufficient.

12. Conclusion

I would like to thank the Clerk for his help and co-operation with the Audit. There are no specific items on which I wish to submit a special report.

Richard Bellamy
Internal Auditor
18th May 2018