

All Saints Parish Council

Interim Internal Audit Report

Christopher TIPPING
Internal Auditor

5th September 2017

Further to my report of 13th April 2017 which was included in the Council's submission to the External Auditor as part of the statutory Annual Return process, I have been asked by the Council's Proper Officer, Paul Hayward, to undertake an interim assessment of the Council's financial and accounting processes.

I met with the Proper Officer, Paul Hayward, on Wednesday 30th August and was provided with all the relevant files, ledgers, documents and policies that I require to carry out this interim internal audit of the Council's financial procedures.

As this report is only an interim one, I have not reported in the comprehensive depth that my annual report necessitates; instead, I have simply made observations based on the previous reports headings and sections.

Conclusion:

I am pleased to advise that the council continues – in my opinion – to operate effective financial controls and that the members of the council, via the Clerk, are all aware of the council's financial position at any given moment in time and that similarly, members have ensured that the relevant rules and regulations are strictly followed, as per the published Governance and Accountability Manual, especially with regards to the council's expenditure, whereby the powers used for each purchase are clearly stated in the council's public written records ie. Minutes.

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A) Maintenance of Accounting Records and Bank Reconciliations

Single current account "Treasurers" still maintained with Lloyds Bank.

I note that transactions are no longer recorded in paper ledger format as per my previous recommendation. The Cashbook maintained via Microsoft Excel is comprehensive and sufficient in detail to allow full analysis of the Councils financial position.

All PC files are backed up on a weekly basis as per my previous recommendation, to both an external hard drive and to a Cloud Based virtual drive.

Bank reconciliations continue to be carried out at regular intervals and signed off by members alternately.

All financial records held cross-reference the cheque number issued to the invoice received for future cross-referencing and auditing. All invoices and cheques / online authorisations are countersigned by two signatories as per extant financial regulations.

B) Review of Corporate Governance

I am pleased to note that both the Councils Standing Orders and Financial Regulations were amended, updated and approved by members at the Annual General Meeting; Minute entry 2017/0519.

As previously mentioned, these documents need to be reviewed annually and changes made as necessary to reflect changes in council operation, legal position and financial prudence.

I am also pleased to note that – as evidence of good practice and adherence to the guidelines in the Governance and Accountability Manual – all items of expenditure by members are recorded in the councils published minutes, together with an accompanying statement by the Proper Officer / RFO as to the legislative power relied upon by the Council to support that decision.

I am happy to observe that All Saints Parish Council consistently provides comprehensive financial and statutory information on its website in accordance with the new Transparency Code regulations which came into force in July 2015. Three years of relevant financial data is now provided for public inspection. Additionally, I note that the Proper Officer now routinely publishes the monthly financial data provided to members in line with Council's policy of Open and Transparent Local Authority Governance. This is to be applauded.

C) Review of VAT obligations and recovery

As previously, I am happy to report that no matters of concern are evident to me in respect of this element of the council's finances. The RFO continues to record the correct separation of allowable VAT within the financial records and has a system established to ensure regular, and conformant, recovery of the VAT via HMRC. The last claim was made on the 31st May 2017, with another due imminently.

D) Assessment and Management of Risk

I note that, further to my report in April, the Council formally adopted its Risk Assessment Policy on 7th March 2017 – minute 2017/0314. Again, I am duty bound to mention that the management and assessment of Risk, both financial and practical, is not simply an annual event but one which the council has a duty to monitor and action throughout the year.

I have been provided with a copy of the Councils renewed All-Risks Insurance Policy with Zurich Insurance, policy no. YLL 2720278713, dated 1st June 2017 and valid until 31st May 2018. The Clerk confirmed that the Certificate of Employers Liability Insurance is displayed in a conspicuous place within his office at Plumtree, Old North Street, Axminster. Additionally, I note that a mid-term amendment was made to the policy to take into account the new assets acquired (Defibrillators) for which the Council is liable to insure. This addition should be taken into account when members meet to discuss 2018/19 budget.

E) Budgetary Control and Reserves

The council precepted the sum of £9295 in this financial year and, as I understand, this sum has now been paid to the Council by the collecting authority, East Devon District Council. Bank statements have been received to corroborate the written remittance statement for April but not yet for September (2nd tranche).

The RFO has shown me evidence of regular financial reporting to members, including (but not limited to);

Financial Statements

Bank Reconciliations

Cash-Flow Forecasts and Cash-Book Summaries

Budget Monitors

On a matter previously noted as an area for caution, I note that the councils "non-earmarked " reserves are reducing due to Councils policy of allowing a "precept holiday" so as to gradually reduce the overall level of reserves whilst minimizing the impact of precept on parish taxpayers.

F) Review of Income

Aside from the annual precept demand, the council has limited sources of income, all of which are recorded within its Financial Statement, Section two of the Annual Return.

In this financial year, the council has applied for, and received, additional funding by way of the EDDC Parishes Together Fund (a.k.a. TAP) in partnership with Chardstock Parish Council and Axminster Town Council, and also funding from Devon County Council, via the local County Councillors Locality Funding Scheme. These receipts have been duly entered in council records. I understand that further grant applications are pending for other capital projects.

G) Petty Cash Account

As previously, I can report that All Saints Parish Council, nor its RFO, operate such an account. Therefore, this section does not require further elaboration.

H) Salaries and Wages / Superannuation

The Proper Officer / RFO is still the only employee of the Council and is paid monthly.

Proper records are kept for all such payments and I have seen evidence of monthly submissions to HMRC via the Basic Tools Software to ensure compliance with PAYE legislation.

I have also seen records which show that, in accordance with new Pension arrangements, provided by the Pension Regulator, the council has exempted itself (opted out) from the system as it has no obligation to provide the Clerk with a pension as his hours and remuneration are below the minimum threshold. I understand that the Clerk has arranged to discuss this matter with his employers in the latter part of this year in order to reach a mutually satisfactory agreement in this respect. Any such agreements should be reflected in the 2018/19 budget considerations.

I) Asset Registers

Contrary to previous years, the Council has now acquired assets which are defined as fixed, notably the 7 parish defibrillators referred to earlier. These will now require a declaration on the pro-forma annual return and by way of a published asset statement in order to confirm with the Transparency Code (the council is classed as an exempt authority from 18/19 in terms of external auditing).

J) Investments and Loans

None held.

K) Statement of Accounts and Annual Return

At the date of this report, All Saints Parish Council had received an UNQUALIFIED assurance dated 24/8/17 from Messrs. Grant Thornton in respect of their External Audit Statement (Section 3) for the financial year 2016/17. All the necessary documents were published at the correct times in accordance with the current legislation. Copies have been retained in the files for future reference if required. I must make the observation that, given the fact that ASPC submitted their Annual Return on the 8th May, the delay in providing the assurance seemed inordinately lengthy. However, I understand that additional questions and clarification were sought by representatives of the External Auditor and this factor, added to the fact that this is the final year of external auditing under the new financial governance regime, may have been the reason for the delay.

Summary:

All of my recommendations (R1 to R6 inclusive) made in April's report have been considered, effected and implemented aside from R5, in relation to Election Reserves which I understand will be considered when members meet to discuss 18/19 budget and precepts.

I therefore am happy to provide this interim report as requested and look forward to meeting with the Proper Officer early next year to discharge my responsibilities and duties as Internal Auditor to All Saints Parish Council

5.9.17

Christopher TIPPING

A handwritten signature in blue ink, appearing to read 'Chris Tipping', is written over a horizontal line. The signature is stylized and includes a long horizontal stroke extending to the right.