

Tidbury Green Parish Council

Internal Audit Report for the Financial Year ending 31st March 2019.

The Accounts and Audit Arrangements introduced from 1st April 2002 (lighter touch audit) requires all Town and Parish Councils to implement an independent internal audit examination of their Accounts and Accounting processes annually. The Council have complied with the requirements in terms of independence by the Council decision making process by appointing Eleanor Choudry to undertake the work for 2018/19.

This visit is to check that the Parish Council adhere to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained. The audit concluded on 4th May 2019.

An Internal Audit testing strategy is set out in the current Governance and Accountability for Smaller Authorities in England appendix 5. This covers a "suggested approach to internal audit testing" covering 10 aspects ranging from Proper bookkeeping right through to Year-end procedures. Our Internal Audit testing is based on this approach.

My initial discussion with the Parish Clerk established any system or procedure changes to the internal controls from the previous period. I have undertaken a series of independent audit tests using the various financial records, vouchers, documents, Minutes, insurance documentation to ascertain the efficiency and effectiveness of the internal controls.

As part of this internal audit review I checked:

Book Keeping

- The financial totals as at 31 March 2018 have been brought forward accurately.
- The cashbook is up to date.
- The calculations are correct.
- There is evidence of internal control.
- VAT is evidenced and reclaimed.
- The payments have been checked and all were supported by invoices, authorised or minuted.
- Income recorded in the bank account was checked to those entries shown in the cashbook.
- S137 expenditure is recorded separately.
- There is no evidence that grants are paid.

Recommendation:

I recommend that:

- **Receipts are kept for all items of expenditure (Item 19 cheque 100426 unable to evidence receipt for whole amount).**

Receipts are kept for Parish Council expenditure. Item 19 was to cover expenditure for a 10 year anniversary event for speedwatch. It was agreed by the Parish Council that up to £200.00 would be donated to the event. This was agreed by Councillors (excluding Cllr Thomas, who abstained), as per minute 13.2 of 20 June 2018 Minutes.

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Graham's wife Agnes Thomas in her capacity of Speedwatch co-ordinator, was involved in organising the event and was responsible for procuring the food and drink, from the donation provided by the Parish Council. Of the £200.00 offered, only £149.75 was used. As can be seen in the attached document Graham has provided a breakdown of costs, however due to circumstances explained in the attached document he is unable to provide individual receipts.

All receipts should only include items purchased for the PC. Every item of expenditure should have a receipt. An explanation was received for why the small value amount did not have a receipt.

- Decisions MUST not be made at a meeting regarding items that are not on the Agenda (November payments not listed on November Agenda).

As far back as I can remember payments to be made have always been included on the agenda. On this occasion the Parish Council advised that they would like to make a £200.00 donation to CPRE, for support that had been provided to us. As a lot of work had been completed by a member of CPRE for the Parish Council, the Councillors wanted to recognise this by making a donation as soon as possible. At the meeting I did question this, as I initially thought it had to be included on the agenda. However because I couldn't recall this situation happening before, I thought that given that it was agreed and minuted at the meeting that this would be sufficient to make payment. On reflection I accept that this was the wrong decision and will not happen again.

Explanation above.

Due Process

- Standing Orders adopted since 2012 were available and have been reviewed in 18/19 and minuted.
- Financial Regulations have been reviewed in 18/19 and minuted and tailored to the council.
- There is no evidence of investments or loans.
- There is no evidence available that 3 quotations had been received for works/services provided to the council.
- There is no evidence of grants or rents.
- There is evidence that financial checks have been carried out by Councillors.
- An Equal Opportunities Policy has not been adopted.
- An RFO has been appointed.
- The Disclosable Pecuniary Interests Form have been completed for all Cllrs and all Councillors details are available on the website.
- Unsigned Agendas are available on the website.
- There is evidence that apologies are minuted.
- Purchasing authority is defined in the Financial Regulations.
- Declaration of members interests are minuted.
- There was no evidence of Councillors individual responsibilities on the PC website to conform to the Transparency Code.
- A Councillor signs the bank reconciliations.

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Recommendation:

I recommend that:

- **Three quotations are received for works/services.**

As a small Parish Council we do not procure many works / services. We assume that you are referring to works undertaken by T Mousley & Sons, as we did have a tree survey completed, in line with a 5 year tree survey programme. This resulted in some remedial works being identified. T Mousley & Sons undertook the survey, as they have completed surveys for us on 2 previous occasions. Prior to this latest survey, the previous one was undertaken approx. 5 years ago. During the period the price of the survey rose from £422.40 to £449.28, which is less than 6.5% rise over 5 years. Historically the Parish Council had significant issues identifying which trees on the boundary of the allotment site, are the responsibility of the Parish Council. T Mousley & Sons know the history of the site as they were involved when the trees owned by the Parish Council were defined and agreed. Consequently they included a map in their first survey which clearly shows the trees that the Parish Council are responsible for and also includes the details of the trees. This report where this information is included is restricted, as detailed by the text below included in T Mousley & sons Report:-

"All rights in this report are reserved. No part of it may be reproduced or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without our written permission. Its content and format are for the exclusive use of the addressee. It may not be sold, lent, hired out or divulged to any third party not directly involved without our written consent".

Consequently to instruct others to carry out a survey, without knowing the history would be difficult and time consuming for both the Clerk and the supplier, meaning that costs including the Clerks costs would rise well above the amount charged by T Mousley and Sons.

Similarly once a Tree Survey is produced, due to restrictions another supplier would have to assess trees and identify the required works, which would be costly and unproductive.

The Parish Councils Financial Regulations Page 16, state that "When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk/RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below [£2,000] and above [£100] the Clerk or **RFO shall strive** to obtain 3 estimates. **Otherwise, Regulation 10.3 above shall apply.**

10.3 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are

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obtained in respect of each transaction, **usually** by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.

11.1 Every contract shall comply with these financial regulations, and no exceptions shall be made **otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:**

- i. for the supply of gas, electricity, water, sewerage and telephone services;
- ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
- iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
- iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council;
- v. for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
- vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

Councillors considered the quote in comparison to the cost of previous tree works undertaken at the allotment site and in comparison to recent amounts paid by individual Councillors for works undertaken at their own properties. In comparison the quote was considered to be very competitive and provide value for money.

Given the urgency of the works, as the trees were identified as priority 1 (High) and given that the quote had been provided by the Parish Council's long standing tree specialist, who had completed the Arboricultural Condition Report, which could not be shared with other suppliers without written permission, in order to avoid delays in instructing this high priority works to be undertaken, at the December 2019 Parish Council meeting it was proposed by Cllr.Thomas, seconded by Cllr Farr and agreed unanimously that T Mousley & Sons should be instructed to carry out the required works as soon as possible.

Explanation above of the urgency to carry out the works required.

- **The Agenda is always displayed at least three clear days before a meeting (excluding the days of issue and meeting, Sundays, the days of Christmas, Easter and bank holiday breaks and days appointed for public thanksgiving or mourning).**

The Agenda is always added to the Parish Council website and noticeboards at least three clear days before a meeting (excluding the days of issue and meeting, Sundays, the days of Christmas, Easter and bank holiday breaks and days appointed for public thanksgiving or mourning).

The summons should ideally be signed by the Clerk.

- **An Equal opportunities Policy is formalised and adopted by the Parish Council.**

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The Parish Council agreed that this will be deferred until after the May 2019 Parish Council Elections have taken place. This will then be considered by the newly confirmed/elected members of the Parish Council.

- **Individual Councillors responsibilities are added to the website to conform to the Transparency Code.**

Being a small Parish Council there are very few separate responsibilities. The responsibilities are Chairman and the Chairman is also a member of the Management Committee of Tidbury Green Village Hall, for which he has some administrative duties. These details are recorded on the website.

John Crossling at WALC confirmed that a small PC did not have to meet this requirement to conform to the Transparency Code.

Risk Management

- A scan of the minutes does not reveal any unusual activity.
- Risk Assessments are available and updated.
- A Health and Safety Policy is unavailable.
- Annual insurance is renewed and is adequate.
- There is no evidence of a Lone Working Policy or Working From Home Policy.
- There is no evidence of a Disaster Recovery Plan should anything occur which would threaten the continuation of the Parish Council activities on a day to day basis, including fire or flood. The Clerk advised that copies of key documents are kept and backed up.
- Minutes are consistently initialled and signed. Pages are identified.

Recommendation:

I recommend that:

- **A Health and Safety Policy is formalised and adopted by the Parish Council.**

Whilst we believe that Health & Safety issues have been properly risk assessed on an item by item basis, the Parish Council agreed that this will be deferred until after the May 2019 Parish Council Elections have taken place. This will then be considered by the newly confirmed/elected members of the Parish Council.

- **Comparison insurance quotes are sought, discussed and minuted prior to renewal in 2019.**

The Parish Council have secured 3 year insurance deals to achieve value for money. To carry the suggested recommendation, would create additional work for the Clerk, which would have cost implications for the Parish Council. The Parish Council always considers insurance costs to ensure that the policy provides value for money. Given that since 2011, when the insurance cost the Parish Council £365.92 compared to this year's insurance cost of 354.70, which includes improved benefits, the Parish Council believes that this 3% reduction over 7 plus years, demonstrates value for money.

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It is recommended good practice to seek comparison quotes prior to insurance renewals.

- A Lone Working Policy is drawn up, formalised and adopted by the Parish Council.
- The Parish Council agreed that this will be deferred until after the May 2019 Parish Council Elections have taken place. This will then be considered by the newly confirmed/elected members of the Parish Council.

- A Working From Home Policy is drawn up, formalised and adopted by the Parish Council.

The Parish Council agreed that this will be deferred until after the May 2019 Parish Council Elections have taken place. This will then be considered by the newly confirmed/elected members of the Parish Council.

- A Disaster Recovery Plan is drawn up, formalised and adopted by the Parish Council.
- Whilst the Parish Council does take care to ensure that data is properly and regularly backed up, the Parish Council agreed that this will be deferred until after the May 2019 Parish Council Elections have taken place. This will then be reconsidered by the newly confirmed/elected members of the Parish Council.

Budget

- The precept demand is approved and correctly minuted.
- There is evidence that TGPC have considered the level of the precept.
- An annual budget is prepared, discussed and adopted by the council
- Financial payments are added to the Agenda as an Appendix and the bank balance is regularly reported.

Payroll – Clerk/RFO

- A Contract of Employment is customised and signed for the Clerk.
- The contract is reviewed annually.
- There is evidence that the PAYE/NI has been paid and approved.
- Agreement to pay Clerks salary stated amount via standing order is minuted and compliant with minimum wage requirements.
- There is evidence of current Employers Liability Insurance.
- There is evidence of a Grievance and Disciplinary procedure.
- There is no evidence that exceptional overtime hours are approved by the council in advance.

Recommendation:

I recommend that:

- The payment of salary to the Clerk by standing order is shown on the Agenda Appendix list of payments.

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Whilst we can do this, we were of the understanding that this was not necessary, due to the information relating to confidential data about an individual's salary. Also the salary paid to the Clerk is included in the monthly budget schedule, which is discussed with Councillors and included in the agenda documents, which are included on the Parish Council website.

There is no requirement to show the Clerks salary as it is covered by the General Data Protection Act. For the purposes of the Transparency Code you can have a line in the financial statement of items over £100 simply saying that the salary of the clerk was paid. This indicates that it was above the threshold but is no more specific and can highlight that part of the salary is paid by standing order.

- The Grievance and Disciplinary procedure to include the date the policy was adopted/reviewed.

We will include the date and review annually

- Overtime is claimed regularly. If ongoing significant extra hours are required a change in contract could be considered. Exceptional overtime hours to be approved by the Council in advance.

Work to be undertaken by the Parish Clerk is directed by the needs and priorities of the Parish Councillors. The Clerk works as efficiently as possible to deliver the required outputs. Also it is not overtime in the true sense of the word. The arrangement that the Parish Council have always had, is that they will pay £420.00 a month via Standing Order and the remaining hours worked at standard hourly rate by cheque. For example the Clerks budgeted salary costs for 2019/20 are £11,000.00 not £5,040.00 (£420.00 x12)

As per explanation above the hours claimed are not overtime. This should be clear in the Clerks contract.

Asset Control

- An Asset Register is kept with the value of individual assets.

Bank Reconciliation

- There is evidence of a bank reconciliation.
- There is evidence that this has been reviewed by Councillors and minuted.
- There does not appear to be any unexplained balancing entries in the reconciliation.

Banking and Investments

- It was noted that the parish Council has two bank accounts: Tidbury Green Parish Council Account No 21466356 and Account No 21466372.

Recommendation:

I recommend that:

- In addition to a current account a high interest account be maintained for funds not immediately required e.g. CIL funds, election costs, contingency.

The Parish Council considers the use of an interest paying account, each year at the May meeting. However given that interest rates are so low, they do not believe that

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there is any real benefit to be achieved from swapping accounts, which will take time and consequently cost money. For example the Village Hall earns 0.2% pa on its balances. This would have a minimal impact based on the amount of deposit currently held by the Parish Council

The process of consideration could be minuted.

Year End Procedures

- Year end accounts are prepared correctly on a receipts and payments basis and the bank statements and ledger reconciled

Misc

- Point raised at the last audit has been addressed.
- TGPC adopted a Code of Conduct in 09/12. There is evidence that all councillors have signed the Code of Conduct.
- TGPC is not eligible for the General Power of Competence.
- The Clerk informed me that files are backed up.
- Arrangements are in place for public inspection of the Councils records.
- The Council is registered with ICO.
- Steps have been taken towards compliance with GDPR.

For the year 2018/19 an audit trail of the following cheques was carried out:-

CHEQUE NUMBER	PAYEE	AMOUNT £
100403	F Montgomery	100.00
100409	C Kirby	258.70
100410	HMRC	163.04
100425	RL Business	187.20
100431	Bell Computers	66.00
100439	T Mousley & Sons	449.28

Conclusion

It is my opinion that the various records and procedures in place for the Council provide an adequate standard of control with the exception of where recommendations have been made in this report.

This report should be noted and taken to the next meeting of the Parish Council to inform them of the Internal Audit work carried out. The details of this Internal Audit Report should be minuted by the Parish Council.

Eleanor Choudry, CiLCA, AAT

Internal Auditor

4th May 2019