

INTERNAL AUDIT REPORT

TO

**CHESWICK GREEN
PARISH COUNCIL**

FOR THE FINANCIAL YEAR

2021 - 2022

Prepared by: Bill Robinson

Issued May 2022

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Statement of Responsibility

The audit work I have undertaken was carried out based upon the Internal Audit Scope agreed with Cheswick Green Parish Council

This report has been prepared solely for Cheswick Green Parish Council's use and should not be quoted in whole or in part. No responsibility to any third party is accepted as the report has not been prepared, nor is intended, for any other purpose.

The matters raised in this report are only those which came to my attention during the course of the audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The Parish Council should assess recommendations for improvements for their full impact on the Parish Council's budget, financial regulations, standing orders, risk assessments, and any other activities before they are implemented.

The responsibility for a sound system of internal control rests with the Parish Council and therefore audit work performed by the Internal Auditor should not be relied upon to identify all circumstances of fraud or irregularity should there be any, although these internal audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance. Effective implementation of Internal Audit recommendations by the Internal Auditor to the Parish Council is important for the maintenance of a reliable internal control system.



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Cheswick Green Parish Council Internal Audit

This Internal Audit was undertaken at Cheswick Green Parish Council office with the Clerk/RFO on Tuesday 2nd May 2022.

Accurate book keeping

- Income and expenditure entries to the cashbook were checked and found to be up to date and correct.
- All payments and receipts were found to be correct and supported by documentation
- All payments were supported by the proper authorisation from the Parish Council
- All receipts for Cheswick Green parish Council accounts, were banked in a timely manner
- Bank reconciliation – this was checked and found to be correct on a quarterly basis.
- In addition an audit trail of the following cheques was carried out

For year 1st April 2021 to 31st March 2022 across all accounts

Payment type	Minute Ref.	Payee	Amount
BACS	556	WALC	£790.00
BACS	556	Garry's Garden	£600.00
D.Debit	556	Meadowfields	£80.00
BACS	21	X2 Connect	£4044.00
BACS	21	W.Robinson	£175.00
D.Debit	47	Meadowfields	£480.00
BACS	47	Garry's Garden	£200.00
BACS	47	D.Swain	£106.80
BACS	72	PPL	£1147.50
BACS	72	P.Frischmann	£3594.00
BACS	95	Zircon Ltd.	£2187.00

BACS	95	Clark Wilmott	£1200.00
BACS	115	Meadowfields	£48.00
Payment Type	Minute Ref.	Payee	Amount
BACS	115	Meadowfields	£48.00
BACS	115	RoSPA	£90.60
BACS	140	SMBC	£603.88
BACS	140	Zurich	£967.31
BACS	140	Vision ICT	£240.00
BACS	167	Meadowfields	£162.00
BACS	167	Hollywood Events	£1310.00
BACS	167	M.Smith	£36.06
BACS	189	D.M.Payroll	£90.00
BACS	189	WALC	£36.00
BACS	189	Combat Stress	£45.00
BACS	215	SMBC	£603.88
BACS	215	P.Frischmann	£3000.00
BACS	215	PPL	£382.50
BACS	241	WALC	£36.00
BACS	241	Glasdon	£3086.17

Year End Accounts

The year end accounts for the financial year 2021 -2022 were checked and were found to be arithmetically correct and in agreement with the financial records shown by the Clerk. These accounts were properly reconciled to the bank statements.

The annual return for the financial year 2021 – 2022 was completed by the Clerk and Internal Audit Report of the AGAR 2021/22 to be sent to the External Auditor was signed by the internal auditor.

Receipts and payments spreadsheet

This was checked and found to be correct.

It was noted that spreadsheets were checked against each other by the Clerk for accuracy.

All payments were found to be matched to the individual invoice and minute reference.

All payments audit trails were satisfactory.

It was noted that all quarterly bank reconciliations were prepared and presented to the Parish Council for review, this is good practice

Noted that all cash payments and attendances are formally recorded and filed.

It was noted that all receipts are held separately, cash is checked by the Clerk and promptly banked, with bank statements attached.

It is noted that almost all of the Parish Council invoices are paid via electronic banking in all forms (Electronic banking, Standing Orders and Direct Debits). It is also noted that this arrangement makes payments easier, however the Parish Council must be aware that these transactions must be secure, and in a form that is easily understood and open to scrutiny

Electronic payments

All electronic transactions can be seen online by Cllrs. (with only the Clerk able to change details on the account), and hard copies printed as necessary.

It was noted that the Clerk is the submitting officer to Unity Trust Bank with two named authorisation members before funds are transferred from the Parish Council accounts– this appears to be a suitably robust financial risk check and the Council is to be commended.

The internal auditor has seen the internet banking process as utilised by Cheswick Green Parish Council and noted that the security in place appears to be robust.

Bank balances and statements can be seen as they are listed

It was noted that previous payments can be seen and listed, any transaction can be checked, Standing Orders and Direct Debits viewed.

It was noted that two authorising members are required before payments can be made

It was noted that this seems to be a good system set up by Unity Trust Bank, which also seems to be relatively easy to use when familiar with the system. It is also noted that the Clerk likes this system

Budget and Precept

It was noted in minute 117 that a date and time was allocated to discuss the 2022-2023 budget – this is good practice.

It was noted in minute 168 that the 2022-23 budget for Cheswick Green Parish Council was approved.

It was noted in minute 216 that Cheswick Green Parish Council approved a separate budget for the Queens Platinum Jubilee celebration – it is a good idea to have a separate budget for these matters.

Budget Controls

It was noted in minute 22 that a councillor was appointed to verify, check and sign the bank reconciliation at the end of each month provided by the Clerk/RFO for Councillors to study, this is good practice.

It was noted in minute 23 that all authorised signatories to Cheswick Green Parish Council bank accounts with Unity Trust Bank were approved, - this is good practice.

It was noted in minute 116 that a quarterly budget comparison is produced by the Clerk/RFO and circulated to all Cllrs. this too is good practice.

It was noted that all Councillor allowances are in line with SMBC guidelines.

Income Control

It was noted that receipts were banked promptly, and the paying in book satisfactorily checked against the spreadsheet.

It was noted that VAT is reclaimed from HMRC on a regular basis – this is good practice given the level of VAT payments.

Petty Cash

It was noted that the petty cash has been properly dealt with, all invoices presented and a spreadsheet prepared for Councillors on a monthly basis.

It was noted that all payments are made with individual receipts and a petty cash spreadsheet listing receipts and payments sent to Cllrs. on a monthly basis.

It was noted that all petty cash invoices are held separately.

It was noted that all petty cash expenditure is detailed and put with the finances behind each minute. It was noted that a separate spreadsheet for petty cash is presented at each meeting.

Annual Governance and Accounting Statements

It was noted in minute 18 that the Annual Governance Statement of the AGAR 2020-21 was approved and signed

It was noted in minute 19 that the Annual Accounting Statement of the AGAR 2020-21 was approved and signed.

It was noted that the annual governance and accounting statements of the AGAR 2021-22 will be approved at the May Meeting of Cheswick Green Parish Council.

Internal Controls

The document seen lists all controls that the Parish Council deems necessary to safeguard its assets – good document.

Risk Register

The Risk Register document was seen and it clearly identifies all potential risks and the mitigating strategies utilised.

Financial Regulations

It was noted in minute 28 that the Financial Regulations have been reviewed, updated, and approved by Cheswick Green Parish Council

Standing Orders

It was noted in minute 28 that the Standing Orders were reviewed and approved by Cheswick Green Parish Council.

Other Policies held on website

It was noted in minute 28 that all other Cheswick Green Parish Council policies held on the Parish Council website were reviewed and approved.

It was noted in minute 191 that a Donations and Grants Policy was adopted – this is good practice

Asset Register

It was noted in minute 559 that the Cheswick Green Parish Council asset register was reviewed and approved, and it was noted that the total value of assets reflects box 9 of the annual return.

Agenda

It was noted that all meeting agendas were properly made and signed by the Clerk.

It was noted on each agenda there is a standing item Exclusion of public and press, the Parish Council must be aware that if there are members of the public or press in attendance, this item can only be utilised by a resolution at the time of the exclusion.

Minutes of the Parish Council meetings

All minutes were checked, and found to be satisfactory and properly signed, with no evidence of any unusual activity.

It was noted in minute 13,14, 15, 16, that members were approved to attend then Staffing committee, Planning Committee, Recreation, and the Solihull Are Committees, it is good practice to formally address the issue of committee membership.

It was noted in minute 49 that Cheswick Green Parish Council formally delegated power to the Clerk to deal with planning applications/ orders/purchases/payments as necessary between Parish Council meetings. With regard to planning applications the Parish Council must ensure that the delegation of powers is a true delegation and not “a meeting by another means”.

Insurance

It was noted in minute 24 that Cheswick Green Parish Council is still in a five year insurance contract was agreed with Zurich – it is good practice to enter into multi - year agreements where there are financial gains to be made.

Payroll

It was seen that all employment and tax records and pension liabilities were dealt with by an external contractor (D.M.Payroll Services).

It was noted that all PAYE, pension, and payroll taxes are discussed in confidential session at each meeting.

Contracts

It was noted in minute 148 and minute 247, that a grounds maintenance contractor has been chosen for maintenance work from 2022 to 2025

Code of Conduct

It was noted in minute 27 that Cheswick Green Parish Council has formally adopted a new Code of Conduct.

Risk assessment

It was noted that the Cheswick Green Parish Council internal controls were reviewed and approved. This is a good risk register document

General Power of Competence

It was noted that Cheswick Green Parish Council meets the criteria for obtaining the General Power of Competence, and has formally accepted that power, this means that Sec.137 payments are no longer required

GDPR

It was noted that the Parish Council is in accordance with GDPR compliance – the Council is to be commended

Dispensations

It was noted in minute 6 that the Clerk has been properly delegated the authority to determine dispensation requests.

Conclusion

Whilst undertaking the Internal Audit, it became apparent that the Clerk is carrying out her responsibilities in an exemplary fashion to the standard required by Local Government Finance Regulations.

Where I have commented on future actions, these are not criticisms, rather only for Cheswick Green Parish Council to consider.

It will be noted that in the Internal Audit Report of the AGAR 2021/22 the internal auditor marked item O as Not Applicable. This does not imply that there is anything untoward regarding the Parish Council accounts, rather this is a response required by the external auditor and in the case of Cheswick Green Parish Council it means that the Parish Council is not a Trustee nor holds trust funds.

It will be noted that in the Internal Audit Report of the AGAR 2021/22 the internal auditor marked item K as Not Covered. This does not imply that there is anything untoward regarding the Parish Council accounts, rather this is a response required by the external auditor and in the case of Cheswick Green Parish Council it means that item L is not applicable.

This concludes the Internal Audit.

Signed..........Dated... 10th May 2022