

Parish Council Accounts Financial Year Ending 31 March 2019

Half Year Internal Audit Report

I confirm that I have completed an independent examination of the accounts of the Fownhope Parish Council for the first half of financial year ending 31 March 2019.

I confirm that I am independent of financial decision making, financial management, financial control and financial procedures of Fownhope Parish Council.

Scope of Audit

I have conducted an audit of the half year performance which I believe is appropriate for the size of the Fownhope Parish Council. The primary aim of this audit is to report on the Council's performance against its current Financial Regulations and therefore performance against the objectives set out in the internal audit section of the last Annual Governance and Accountability Return document (for 2017/2018).

Documents

I have examined the following documents: -

- The computer Excel spreadsheet file FPC accounts for year ending 31.3.19 which includes sheets
 - Annual Return
 - Balance Sheet
 - Accounts
 - Cash Book Reconciliation
 - Payments
 - Receipts
 - Protected Funds
 - Outstanding cheques 31/3/2018
 - Fixed Assets Register
 - IAG Report
 - Loan Repayments
- Bank statements for the Current Account and Business Reserve Account held at the NatWest Bank by Fownhope Parish Council.
- Cheque books and paying-in books for the NatWest Bank Current Account.
- Invoices.
- Minutes of Parish Council meetings.
- Finance Reports presented to the Parish Council Meetings.
- Notes of the Finance Working Group meetings (24 April 2018, 24 July 2018, 12 September 2018 and 12 November 2018).
- IAG (Investment Advisory Group) Report (May 2018).
- Fownhope Parish Council Financial Regulations (Adopted 6 December 2017).
- Fownhope Parish Council Financial Regulations Appendix 1.0 Investment Strategy January 2018.
- The Fownhope Parish Council Risk Management Policy (Adopted 2 May 2018).
- The Fownhope Parish Council Risk Register April 2018.
- Work order to Adrian Hope Tree Services.
- Invoice to Balfour Beatty for P3 scheme payment.

Findings

Parish Council Financial Regulations

1. Annual Budget

There is a suitable budget for 2018/2019 which is in the accounts sheet. A draft budget for 2019/2020 has been discussed at the Finance Working Group.

2. Budgetary Control

I have reviewed the sheets for Payments and Receipts on the spreadsheet. I confirmed that

- a. the formulae are correct
- b. payments are in accordance with chequebook, bank statements and invoices by checking random samples
- c. receipts are in accordance with paying in books and bank statements by checking random samples.

I have reviewed the sheet for Accounts and confirmed that payments and receipts are compared with the budget for 2018/2019 and that the current accounts record is up to date.

I have reviewed the Parish Council Meeting Minutes and confirmed by checking random samples that payments have been approved.

I have reviewed the Finance Reports presented to Parish Council meetings and confirmed that they match the bank statements and payments and receipts sheets.

I have reviewed the Finance Working Group meeting notes and confirmed that adequate control is in place including control of investments.

I have reviewed the invoices on file and confirmed by checking random samples that payments have been approved at Parish Council meetings.

3. Accounting and Audit

The accounting procedures and financial records appear in good order as determined by the review described for Item 2 above.

Arrangements have been made for internal audit. I have noted that the internal controls were reviewed by the Finance Working Group on 24 July 2018.

4. Banking Arrangements and Cheques

I have reviewed the minutes of Parish Council meetings and the Finance Reports and confirmed that a schedule of payments required is included in meeting agendas and that payments are authorised by resolution of the Council. However, the schedule is not initialled by the Chairman of the meeting as stated in Regulation 5.2.

Cheque counterfoils are initialled by the cheque signatories.

5. Payment of Accounts

Samples of invoices inspected have been signed by a member of the Council. The Payments sheet shows the meeting minute reference and the meeting minutes show that the signatory is not the meeting chairman or Responsible Financial Officer.

6. Income

I have reviewed the bank account paying in book, the bank statements and the Receipts sheet and I confirmed that sums due, including precept, grants and VAT claims are collected and banked promptly, although there are only two payments requiring the paying-in book for this period.

I noted that an action from the Finance Group meeting is to investigate wayleave payments.

No income has yet been received for Parish Paths Partnership (P3) work but an invoice dated 28 November 2018 for expenditure April to September has been inspected.

7. Orders for Work Goods and Services

The Regulations require an official order or letter for all work, goods and services. The orders are kept electronically but a sample was requested and made available for inspection.

However, work orders for P3 and Lengthsman services are communicated by councillors and there is not a satisfactory audit trail to demonstrate that official orders are issued.

8. Contracts

Other than the agreement documentation between the Fownhope Parish Council and Herefordshire Council covering Parish Paths Partnership and Parish Lengthsman Schemes, there are no contracts.

9. Insurance

The insurance documentation was reviewed. The cover is appropriate for the identified risks.

10. Risk Management

There is a Risk Management Policy which was adopted at the full Council meeting on 2 May 2018. The Risk Register dated April 2018 was reviewed and found to be suitable and comprehensive.

The Risk Register states that a Health and Safety Policy is required to minimise risks associated with employer's liability. This document was not included in the Parish Council Policies and Procedures file.

11. Investment Strategy

The Investment Strategy (Financial Regulations Appendix 1.0) document, approved at the Parish Council meeting 7 February 2018 was reviewed and found to be suitable and comprehensive. Investments were discussed at the Finance Working Group meeting held on 12 November 2018.

Annual Governance and Accountability Return

Having examined the Parish Council's performance against its Financial Regulation, I can confirm that the Council has met the objectives as set out in the internal audit section of the last Annual Governance and Accountability Return document (for 2017/2018).

Conclusion

It is my opinion that the accounts are accurate, correctly balanced and show that the Fownhope Parish Council has implemented a satisfactory process for financial control.

Recommendations

1. Improve the method of documenting work orders given to the appointed contractor for P3 and Lengthsman services in order to comply with the Council's Finance Regulations regarding written work orders.

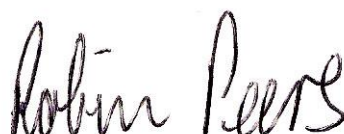
It is difficult to recommend a suitable method since the constraints are unknown. If the appointed contractor does not use emails and if work requirements are communicated on site, then orders could be hand written in a triplicate purchase order book, available from office suppliers with no carbon required. The top copy would be given to the contractor, the first copy given to the Clerk and the second copy retained by the councillor issuing the order.

2. Although it is not a matter for financial governance, there needs to be a Health and Safety Policy and suitable and sufficient risk assessments as required by the Council's Risk Register.

I would like to thank Mrs Helen Tinson for her help supplying information and answering questions for this audit.

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5 December 2018