

Interim Internal Audit Report

| | | | |
|---------------------------|-----------------------|-------------------------|-----------------------------|
| Name of council: | Kilsby Parish Council | | |
| Name of Internal Auditor: | Gill Wells | Date of report: | 10 th March 2019 |
| Year ending: | 31 March 2019 | Date audit carried out: | 8 th March 2019 |

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the staff and management and not left for internal audit.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

I would like to thank Mrs Clare Valentine for her hospitality, providing information and for her help when I visited with her on Friday 8th March for the purposes of carrying out an interim internal audit.

As part of the interim audit process I carried out a very thorough examination of Book Keeping, Due Process, Risk Management, Bank Reconciliations, Internal Control and performed a detailed scan of the agendas and minutes and decisions of the Council up to and including February 2019. I also carried out a review of the Council's website.

I am aware that Mrs Valentine joined Kilsby Parish Council as Clerk in June 2018 with her first Council meeting in July 2018 and, whilst Mrs Valentine has not been a Parish Clerk prior to this position, I believe she is an asset to this Council as it is clear she has grasped and understands the role and requirements thoroughly – well done. The accounting procedures evidenced during my visit indicated that a very organised and robust system has been put in place and I would like to congratulate Mrs Valentine and the Council for this. The following report appears rather detailed but many of the issues raised are aimed at assisting the new Clerk in her role and to ensure the Council are aware of the requirements to support her in that role.

Therefore, I bring the following issues to the Council's attention and, as per discussion with Mrs Valentine, am confident that, if not already, can be resolved prior to the end of year internal audit which will be carried out after 31st March 2019:-

- Payments that were not on the agenda for approval in May and June 2018 subsequently appeared on the Minutes as having been approved without an explanation. Some of those sums were above the 'emergency powers' referred to in

the Financial Regulations. The new Clerk is aware of this and this situation has not arisen since the employment of Mrs Valentine.

- I note the new Clerk reviewed and re-worked the accounts and consequently produced a report for consideration by Council in October 2018 in which a number of errors she had uncovered were detailed. Whilst Council received that report the Council did not approve the actions taken or to be undertaken. I would suggest the Council formally resolve to approve any actions to rectify accounting errors, as the accountable body.
- I noted that the Council policies were re-adopted at the Annual Parish Council Meeting May 2018 which is commonplace, however, the policies on the website were dated, in some instances, 5 years ago and to a lay person they may not know when the policy had been reviewed and / or updated. I would suggest that the policies have the date of the last review added to the header or footer and the next proposed review date to ensure it is clear that the policies are those in operation and that they comply with current legislation and are still tailored to the Councils needs e.g. Financial Regulations.
- Terms of Reference – I note that the Council has a Planning Committee but could not find details of the Terms of Reference for this on the website. As planning is quite an emotive subject for parishioners it would be useful for the public to be directed to a document explaining the remit of the Planning Committee of the Parish Council so they do not confuse it with the planning authority.
- Receipt of the precept and date received should be noted in the minutes to ensure the principal authority (DDC) has met its obligations / timescales in forwarding those monies. There was no evidence of the 2nd portion of the precept having been received in October / November 2018.
- There was no evidence in the agendas or minutes of a recruitment policy being followed nor the formal approval of the Council to appoint Mrs Valentine as Clerk to Kilsby Parish Council & as the Councils Section 151 Officer (Responsible Financial Officer). I would suggest this is done formally by the Council as soon as practicable.
- The agendas on the website refer to the Bank Reconciliation being 'attached' but it is not. Whilst I acknowledge that the bank balances are detailed on the agenda and minutes it may suggest to parishioners that there is missing documentation – I have discussed this with Mrs Valentine and it is suggested that the word attached is removed.
- Insurance – the insurance document on the website is out of date. Mrs Valentine is to also confirm that the Councils current insurance includes public liability cover as this could not be evidenced during my visit.
- Decisions cannot be made at Council meetings if not on the agenda and certainly not under 'Matters Arising' where it stipulates that it is 'information only'. I note that in September 2018 decisions were clearly made in section 5 of the meeting – this was unlawful. I also note that it has not occurred subsequently and that the Clerk is now aware of Council protocol.
- Website – I was advised that the Council has editorial control of the website i.e. can upload and remove information as required but that it is a village website where other organisations also have access rights. Whilst unlikely, I raise this matter as a concern just in case someone could tamper with the Parish Council documents or pages and suggest that the Council may wish to investigate with the host provider whether it would be possible to limit access to the Parish Council pages to the Clerk and Council nominated officials.

When I complete the year end audit I will be carrying out a full inspection of the processes and accounts.

This report is based on the evidence available. It would be incorrect to view the interim internal audit report as the detailed inspection of all records and transactions of a council in order to detect error or fraud. Consequently, the report is limited to those matters set out above.

Yours sincerely,

Gill Wells
BA (Hons); CiLCA
Internal Auditor to the Council
thewellsclan1@googlemail.com