

MS Audit & Consultancy Services

PARISH AUDIT
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Mrs C Lord
Clerk To The Council
Clifton upon Dunsmore Parish Council
24 Harebell Way
Rugby
CV23 0TT

16th April 2018

Dear Mrs Lord,

INTERNAL AUDIT REPORT 2017/2018

I have concluded the annual internal audit of the Parish Council and completed my section of the Annual Governance and Accountability Return.

The end of audit discussion resolved most audit queries but the following matters require further action.

MATTERS ARISING

1.CASH BOOK

1.1 The Village Fete Committee paid £1,600 to the Parish Council in the form of a cheque but this was returned by the Council's bank. Clearance of the cheque was still unresolved by the close of business on 31st of March. As a consequence, receipts in the cash book need to reflect the net amount of income actually received to avoid overstating total receipts –total payments made, will similarly require amendment by the same amount. The Draft Annual Governance and Accountability Return and any other management information will similarly need amending.

Recommendation

1.2 Amend the Cash Book and related management information to reflect actual cleared receipts and make a note to management information that there is an outstanding receipt of £1,600 due from the Village Fete Committee.

2.RECEIPTS

2.1 The receipt book in use is not headed with the name of the Parish Council and may not be regarded as an official record of the council.

Recommendation

2.2 Consideration should be given to purchasing a replacement "headed" and

Alternatively, an appropriate rubber stamp should be purchased and each page imprinted with the name of the Parish Council.

3. PAYMENTS

3.1 GOODS RECEIVED

Invoices do not always bear evidence that goods and/or services have been received.

Recommendation

3.2 Consideration should be given to purchasing an appropriate rubber stamp to imprint a goods received block on each invoice and for this to be completed by the Clerk or other certifying person.

4. STANDING ORDERS/DIRECT DEBITS TO BANK

4.1 An annual standing order to bank (signed by councillors) for monthly pay could not be found as well as a variation form for the March 2018 monthly pay.

Recommendation

4.2 Procedures for authorising Standing Orders and Direct Debits should be reviewed to comply with best practice in segregation of duties as well as with Financial Regulations 5.6-5.7

3. INTERNET BANKING ARRANGEMENTS/RISK REGISTER

3.1 When an invoice is paid by a cheque, the Clerk prepares the cheque and two Councillors sign the cheque, however, where payment is made by BACS, two Councillors authorise the list of payments prepared by the Clerk but then the Clerk alone processes the payment electronically. At the end of each month the Clerk reconciles the bank account with the cash book and this is checked and signed off by a Councillor.

3.2 Where internet banking is done at other parish councils the normal practice is to maintain segregation of duties between certification of invoices, preparation of BACS documentation and the physical act of processing the BACS online (elsewhere the online process is normally done by authorised signatories -Councillors).

3.3 However, in some councils where delegated authority has been given to the Clerk, there is a specified financial limit (and set out in bank mandate) but it appears that this has not been done via a bank mandate or been formalised in the Parish Council's "Financial Directions" –see Financial Regulation 6. In addition, the current arrangement could constitute an operational business risk and as such needs to be recorded in the council's risk register along with any mitigating controls.

Recommendation

3.4 A review of internet banking arrangements should be undertaken as soon as possible, to ensure they are in line with best practice internal financial control for a parish council and to ensure that Financial Directions reflects clearly the adopted procedures.

I look forward to being of assistance to the Parish Council next year.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Mike Spencer".

Mike Spencer
Audit Consultant