
10 May 2018

To: Monk Hesleden Parish Council
Provision of 2017/18 Internal Audit

I confirm that I have carried out an Internal Audit of the Parish Council's accounts and records for the financial year ended 31st March 2018. I have examined the system of internal control by carrying out the tests required and I have certified the Annual internal audit section of the Council's Annual Return accordingly.

Mr. S Ragg

Monk Hesleden Parish Council
Blackhall Resource Centre
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INTERNAL AUDIT OF MONK HESLEDEN PARISH COUNCIL YEAR ENDED 31ST MARCH 2018 – AUDITORS REPORT

Having carried out an internal audit of the Council's 2017/18 Accounts and Records I confirm that I have examined and assessed compliance with the relevant procedures and controls by carrying out the tests required and I have certified the Annual internal audit section of the Council's Annual Return accordingly. I confirm that there are no matters arising from my audit which I need to bring to the attention of the Council.

The following details my assessment on each of the internal control objectives:

A. Appropriate accounting records have been kept properly throughout the year.

The scope of my audit included the inspection of a selection of receipts and payments recorded during the year and verifying these against income and expenditure control records, accounts raised and invoices paid, and the verification of appropriate reconciliations and test checks on the accuracy of the ledger postings against budget heads. As a result I am satisfied that the Council maintains sound systems of financial accounting and record keeping. All financial transactions were appropriately evidenced, recorded and accounted for on a timely basis.

B. The Council met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

The Council has approved financial regulations in place and these were evidenced in minute number MH 17-1835 as being reviewed during 2017/18. I saw evidence that there was a clear awareness, understanding and application of these. I did a random check on payments to ensure they were supported by invoices/receipts. There was clear evidence to demonstrate that all expenditure was approved and in this respect reports to each Council meeting included a schedule detailing all payments made in the period. VAT claims were completed on a biannual basis and without delay. I confirmed a selected number of VAT entries against invoices and confirmed that they were correctly accounted for and that VAT claims reconciled to the cash book.

C. The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The Council had carried out an assessment of risks and maintains a risk register which was reviewed and updated during 2017/18. I saw evidence that there was an ongoing awareness of the need to identify and manage risks. There is also evidence to demonstrate that the Council has taken action to mitigate risks via the introduction or review of policies and procedures and the strengthening of controls. The council expressed that they had some concerns over the risk assessment relating to cemetery procedures and the introduction of new GDPR procedures, however it would appear that the council has taken measures to make sure these problems are appropriately dealt with. GDPR procedures will be an ongoing process once the Data Protection Act is produced. The Council's Fidelity Guarantee insurance cover continues to be set at £1million which more than meets the Council's present requirements.

D. The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

The Council's precept determination was based on a detailed budget report which included the previous year outturn figures, current year original budget/ projected revised, and the next year estimates. The effect of possible variations and options were assessed as were the adequacy of the Council's reserves and the impact of possible precept levels on Council Tax bands. During the year the Council received quarterly reports showing progress against each budget head and there was clear evidence to demonstrate proactive budget management. It was also evident that the Council assessed the impact on its budgets whenever it considered additional cost items, requests and or projects.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

There was sound evidence of good control, collection, recording and banking of income. Fees and charges were evidenced as being reviewed during the year. There is good internal control and division of duties in the raising of accounts and the receipt and recording of income. There were no long standing sundry debtors at the year end and all fees and charges had been collected. VAT and all other receipts appear to have been appropriately accounted for.

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

Petty cash was properly recorded, supported by receipts and the petty cash records reconciled to the cash balance held. The level of cash held is appropriate and all payments were approved and VAT correctly evidenced and accounted for.

G. Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.

I verified employees to the Council's approved organisation structure and confirmed that the salary grade and scale point for each employee was in accordance with the Council's approval and that the payroll calculation of gross pay for each was correct. I carried out test checks on other payroll calculations and all were in order. All PAYE and NI payments had been correctly made and paid within time requirements. HR records were well maintained for all employees. HR policies are in place, regularly reviewed and had been issued to employees.

No allowances were paid to members.

H. Asset and investments registers were complete and accurate and properly maintained.

The Council maintained an asset register which was reviewed and updated on an ongoing basis. The Council has no investments other than bank deposits and these were adequately recorded.

I. Periodic and year-end bank account reconciliations were properly carried out.

Bank accounts were regularly reconciled to the Council's cash book and copies of the

reconciliations were reported to the Council on a quarterly basis, including at the year end. There was evidence to confirm that any issues were quickly identified, followed-up and resolved and at the year end there were no long standing unpresented cheques with all outstanding cheques accounted for on the April bank statement.

J. Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded

The Council's accounting records were well maintained, accounting statements reconciled to the cash book and there was an adequate audit trail from underlying records. The annual accounting statements were prepared on an income and expenditure basis which included identification of debtors, creditors, accruals and prepayments.

The test checks which I made on these revealed no inaccuracies.

I have advised the clerk that the council could consider the introduction of a council debit/credit card subject to the appropriate Financial Regulations being introduced. Any credit card balances should be paid monthly by direct debit from the appropriate account.

This could be used to overcome the clerks personal credit card being used for example on online purchases and then a subsequent reimbursement being made back to the clerk. This way all invoices could be made in the Councils name and avoid any ambiguity over VAT recovery.

Mr. S Ragg
Internal Auditor