

Parish Council Accounts Financial Year Ending 31 March 2020

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 2020.

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.

I have set the scope of this half year audit as follows: -

- To review progress made towards implementing the recommendations made in the internal audit report for the financial year to March 31st 2019 subject to approval and acceptance of those recommendations.
- To identify any recommendations made in the external audit report for the financial year to March 31st 2019 and note any actions.
- To undertake sample checks on documents supplied in order to confirm that the accounts are accurate, correctly balanced and show that the Fownhope Parish Council has implemented a satisfactory process for financial control.

Documents

I have examined the following documents: -

- The computer Excel spreadsheet file FPC accounts for year ending 31.3.20 which includes sheets
 - Balance Sheet
 - Accounts
 - Cash Book Reconciliation
 - Payments
 - Receipts
 - Outstanding cheques 31/3/2019
- Bank statements for the Current Account and Business Reserve Account held at the NatWest Bank and Lloyds Bank by Fownhope Parish Council.
- Cheque books and paying-in books for the NatWest Bank and Lloyds Bank Current Accounts.
- Invoices.
- Minutes of Parish Council meetings.
- Finance Statements (June, July and September) presented to the Parish Council Meetings.
- IAG (Investment Advisory Group) Report (May 2019).

Review of Recommendations from Internal Audit Financial Year 2018 to 2019

The Fownhope Parish Council meeting minutes for 5 June 2019 recorded that Council members received and approved the Internal Audit Report for the year ending 31 March 2019 and noted actions already taken to satisfy the six recommendations made (Minute 6b).

1. Recommendation

That the Risk Register is prepared in the format proposed in the Practitioners' Guide to Proper Practices, Governance and Accountability for Smaller Authorities in England. Appendix 1 – Risk Register.

Findings

An updated Risk Register was prepared by the Finance Working Group. It was presented to the Parish Council at the meeting held on 5 June 2019 and it was adopted (Minute 6f).

The Risk Register now includes the calculation for the risk rating and the actions taken to mitigate the risk as recommended in the format proposed in the Practitioners' Guide to Proper Practices, Governance and Accountability for Smaller Authorities in England. Appendix 1 – Risk Register.

I conclude that this recommendation has been completed.

2. Recommendation

That the Fownhope Parish Council Financial Regulations Section 11 Risk Management is reviewed.

Findings

A new paragraph was prepared by the Finance Working Group for the Fownhope Parish Council Financial Regulations Section 11. It was presented to the Parish Council at the meeting held on 5 June 2019 and it was adopted (Minute 6h) as part of Financial Regulations v10 June 2019.

The new paragraph, 11.3, requires the Council to identify how risks are managed with internal controls or external insurance cover and to review the document annually.

The updated Financial Regulations (v10 June 2019) now set out the requirements to assess the significant risks to achieving its objectives and review the adequacy of the arrangements to manage these which is an internal control objective identified in the Annual Governance and Accountability Return document.

I conclude that this recommendation has been completed.

3. Recommendation

That the Fownhope Parish Council Financial Regulations Section 3 Budgetary Control is reviewed.

A new paragraph was prepared by the Finance Working Group for the Fownhope Parish Council Financial Regulations Section 3. It was presented to the Parish Council at the meeting held on 5 June 2019 and it was adopted (Minute 6h) as part of Financial Regulations v10 June 2019.

The new paragraph, 3.5, sets out the regulation for payment of salaries as annual subscriptions which was the subject of the recommendation. It also sets out the regulations for settling regular invoices between meetings, settling invoices for expenditure already approved by the full council, settling any salary or associated statutory payments between meetings when there is no ordinary monthly meeting, and arrangements for making payment via an online banking system.

I conclude that this recommendation has been completed.

4. Recommendation

That the Council prepare a document to record the nature of its investments – those managed by the Investment Advisory Group and those in Reserve Bank Accounts. Item H of the Internal Control Objectives requires an investment register.

An Investment Register has been prepared by the Investment Advisory Group (IAG) – a spreadsheet Investment Register 2019-2020. It was presented to the Parish Council at the meeting held on 5 June 2019 and it was adopted (Minute 6e). The Investment Register includes the latest IAG report presented to Parish Meeting on 18 May 2019 and identifies reserved funds.

The Investment Register meets the requirements of the Internal Control Objective that an investment register is complete and accurate and properly maintained. This objective is identified in the Annual Governance and Accountability Return document.

I conclude that this recommendation has been completed.

5. Recommendation

That the Financial Statements presented to the Parish Council meetings include total receipts and payments (and possibly progress against budget) as well as bank balances since this would give more information on the cash book reconciliation.

New improved format finance report for Parish Council meetings have been used from June 2019.

I conclude that this recommendation has been completed.

6. Recommendation

That work orders given to the appointed contractor for P3 and Lengthsman services are documented prior to commencement of the work. Although the Council's Finance Regulations do not require an official order for Lengthsman partnership projects, it may help to reduce the risk of the contractor incurring unbudgeted costs for the Council.

Purchase orders for Lengthsman services (PO 2019.13 etc), tree felling (PO 2019.3), drain investigation (PO 2019.2) noted and linked to invoices.

I conclude that this recommendation has been completed.

Review of Recommendations from External Audit Financial Year 2018 to 2019

The External Auditors gave their opinion that "The information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our Attention giving cause for concern that relevant legislation and regulatory requirements have not been met." There were no recommendations.

Review of Documentation

- The records of payments in the spreadsheet were checked against the invoices received, cheque books, and payment approvals in the Fownhope Parish Council meeting minutes by following trails for sample payments.
- The records of receipts in the spreadsheet were checked against paying in books and other documents by following trails for sample receipts.
- The layout and formulae in the payments and receipts spreadsheets were checked for accuracy.
- The accuracy of the figures in the Financial Statements presented to the Fownhope Parish Council meetings was checked by taking samples and checking against bank statements, invoices, and spreadsheet values.
- The approval for payments to be made was checked by following sample audit trails from invoice to meeting agenda, to approval in meetings of Fownhope Parish Council as shown in the meeting minutes, to cheque approval.

- The figures in Spreadsheet Accounts were checked (column I) by identifying the link to the other sheets.

My review did not identify any errors or omissions.

I consider that the records and documentation are maintained in an orderly manner and it was straightforward to identify documents when following an audit trail.

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.

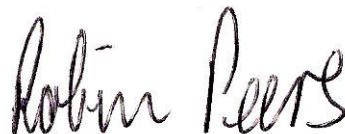
Recommendations

I have not identified any recommendations for this half year audit.

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

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10 December 2019