

**INTERNAL AUDIT REPORT**

**TO**

**LUDDINGTON  
PARISH COUNCIL**

**FOR THE FINANCIAL YEAR**

**2019-20**

**Prepared by: Bill Robinson**

**Issued July 2020**

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### **Statement of Responsibility**

The audit work I have undertaken was carried out based upon the Internal Audit Scope agreed with Luddington Parish Council

This report has been prepared solely for Luddington Parish Council's use and should not be quoted in whole or in part. No responsibility to any third party is accepted as the report has not been prepared, nor is intended, for any other purpose.

The matters raised in this report are only those which came to my attention during the course of the audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The Parish Council should assess recommendations for improvements for their full impact on the Parish Council's budget, financial regulations, standing orders, risk assessments, and any other activities before they are implemented.

The responsibility for a sound system of internal control rests with the Parish Council and therefore audit work performed by the Internal Auditor should not be relied upon to identify all circumstances of fraud or irregularity should there be any, although these internal audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance. Effective implementation of Internal Audit recommendations by the Internal Auditor to the Parish Council is important for the maintenance of a reliable internal control system.



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## Luddington Parish Council Internal Audit

Due to Covid-19 restrictions this Internal audit was undertaken remotely commencing 10<sup>th</sup> July 2020

An audit trail of the following cheques was carried out.

### Payments from Luddington Parish Council accounts

For year 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020

<b>Cheque Number</b>	<b>Amount</b>	<b>Payee</b>	<b>Minute ref.</b>
100830	£278.00	WALC	page 376 / 9
100832	£410.00	A.Gretton	page 376 / 9
100834	£318.40	Zurich	page 383 / 13
100838	£527.40	R.Lunn & lowth	page 383 / 13
100840	£644.31	Staff	page 388 / 9
100845	£446.00	A,Gretton	page 388 / 9
100846	£69.00	Ludd.Village Hall	page 393 / 9
100847	£624.00	I.Snape Agric.	page 399 / 9
100853	£240.00	PKF Littlejohn	page 399 / 9
100857	£354.00	A.Gretton	page 406 / 10
100861	£71.80	HMRC	page 406 / 10
100862	£500.00	WCC	page 408 /16
100863	£1410.80	CR Speechlys LLP	Not in minsApp'd Chair & V.Chair
100866	£69.00	Ludd.Village Hall	page 411 / 10
100869	£251.42	Reimbursement	page 416 / 9
100873	£390.00	A.Grtton	page 426 / 9
100876	£143.00	HMRC	page 426 / 9
100879	£102.00	Play Insp. Co.	page 434 / 10
100883	£38.65	C.Wise	page 434 / 10
100885	£143.00	HMRC	page 442 / 11

All cheques shown were found to be matched to the individual invoice and minute reference

It is unclear that cheque number 10863 (£1410.80 to CR Speechlys LLP) was formally recorded as approved in minute 408/14, it was noted in the emails attached to the mins that the Chair and Vice Chair approved the payment, it should be remembered that individual Councillors cannot make decisions on behalf of the Councils (not even the Chair and Vice Chair), approval can only be given by the Council, a properly formed committee with delegated power, or the Clerk with delegated powers therefore the approval of these cheques should have been formally recorded in a minute.

It was noted that there are documents attached to some signed minutes, the Council should be aware that when that occurs it has been held by a court that this signifies approval of everything in that document, and this therefore under some circumstances could be to the disadvantage of the Council.

It was noted that cheque numbers 100841 and 100856 were cancelled, yet not shown as void in their respective minutes, on the payments sheet there was just a line through the payments. A more clear indication that these cheques had been cancelled would make matters more clear although it was noted that on the cheque stubs it is clear that they had been cancelled

It was noted that the Clerk/RFO provides monthly bank reconciliations, budget summaries, financial statements, and bank statements and presents these to the Parish Council for review and discussion, this is good practice and the Clerk/RFO is to be commended.

### **Accurate book keeping**

- Income and expenditure entries to the cashbook were checked and found to be up to date and correct.
- All shown payments and receipts were found to be correct and supported by documentation
- All shown payments were supported by the proper authorisation from the Parish Council
- All receipts for Luddington Parish Council accounts, were banked in a timely manner
- Bank reconciliation, the accounts have been reconciled to the bank statements.

### **Year End Accounts**

The accounts for the financial year 2019 - 2020 were checked and were found to be correct to the figures shown, and in agreement with the financial records shown by the Clerk/RFO, and properly reconciled to the bank statements.

### **Exercise of Public Rights**

The notices of the exercise of public rights of inspection have been properly dated by the Clerk/RFO and will be placed in public notice for the financial year 2019 - 2020

### **Receipts and payments spreadsheet**

This was checked and found to be correct.

It was noted that in addition to the spreadsheet the Clerk/RFO keeps all records online with back up to the cloud – this is to be commended.

### **Sec.137 Payments**

It was noted that there is no record that Luddington Parish Council made any payments under Sec.137 of the LGA 1972

### **Income Control**

It was noted that the Clerk/RFO has made all outstanding VAT claims for 2019 – 2020.

It was noted that all income is promptly put into Luddington Parish Council's account.

### **Budget Controls**

It was noted in minute page 411 item 11 that the first draft of the budget for the year 2020-2021 was discussed

It was noted in minute page 416 item 11 that the Clerk presented draft version three of the 2020-2021 budget.

It was noted in minute 426 item 10 that the budget discussions were concluded and the budget for the year 2020-2021 was approved – this is a good practical system of setting a budget

It was noted in minute 434 item 10 that the Clerk reported on the community account at January 29<sup>th</sup> 2020 and provided a bank reconciliation.

It was also noted that a Councillor confirmed that a full inspection of payments and bank reconciliation from September 2019 was carried out and all was found to be in order- this is good practice

This formal process is good practice as it makes for good financial control of parish funds and is to be commended.

It was noted that a summary of Receipts, Payments and Reconciliation to the bank statements were produced for Parish Councillors.

It was noted that quarterly inspections of the accounts are carried out by Councillors – this is good practice

It was noted that a monthly report was given by the Clerk/RFO outlining the balances in the community account.

It was noted that no loans were raised by the Parish Council

### **AGAR 2018-2019**

It was noted in minute page 383 item 14 that the Parish Council formally approved the Annual Governance Statement for the financial year 2018-2019

It was noted in minute page 383 item 15 that the Parish Council formally approved the Annual Accounting Statement for the financial year 2018-2019

### **Petty Cash**

Luddington Parish Council does not operate a petty cash scheme, and this information has been entered on the Annual Internal Audit Report 2019-20 and a separate letter to that effect sent for the External Auditor PKF Littlejohn

### **Agendas**

It was noted that all agendas were properly constructed, signed and dated.

It was noted on the agenda for meeting on 21<sup>st</sup> January 2020 item 21 that it states:-

“Parish Owned Land (this will be closed to the press and public)”, it must be remembered that the Parish Council can only exclude the public and press by resolution, therefore that item could read:- “Parish Owned Land” – to consider the exclusion of the public and press, and then to record in the minutes that a vote to that effect was held and approved (for confirmation see Local Council Administration Sec 7.6, or Public Bodies (Admissions to meetings) Act 1960 ( a note to this effect is held at the rear of the book containing standing Orders, Financial regulations, Code of Conduct)

It was noted that this exclusion notice was in other agendas.

It was also noted that an agenda item Any Other Business was seen on the agendas. The Council should be aware that it can only make decisions lawfully on matters that are listed on the agenda, where items are not listed then the only lawful thing that can be done is to add it to the agenda for the next meeting (see Local Council Administration Sec.7.5)

### **Minutes of the Parish Council meetings**

All minutes were checked, and found to be satisfactory and signed, (and apart from the comments made above after the audit trail of cheques regarding approval of two cheques), with no evidence of any unusual activity.

### **Financial Regulations**

It was noted that the Financial Regulations have been revised and adopted on 16<sup>th</sup> June 2020.

### **Standing Orders**

It was noted that the Standing Orders have been revised and adopted on 16<sup>th</sup> June 2020.

### **Risk Assessment**

It was noted that a new Clerk was welcomed in minute page 379 item 21, and that there will be a 2-3 month changeover period with the outgoing clerk – it is good practice for a new clerk to have an adequate changeover period

### **Physical Risk Assessment**

It was noted in minute page 378 item 15 that the annual play equipment safety check is carried out by an accredited company in December each year.

It was noted in minute 417 item 16 that a Councillor carries out a visual inspection of the swing on the village green, this inspection and all other regular physical inspections should be recorded, any defects found listed together with any repairs carried out. These records should be kept on file.

### **Internal Audit**

It was noted in minute page 383 item 13 that the Clerk reported that the internal audit had been successfully completed – it is incumbent on the Parish Council to consider the internal audit for effectiveness.

### **External Audit**

It was noted that PKF Littlejohn gave an unqualified report on the 2018-2019 accounts

### **Payroll**

It was noted that Brightpay for the staff payroll processing is still in use with all statutory payments to HMRC made.

### **Asset Register**

It was noted that the asset register was seen and a figure of £17649 is now recorded as the value on the AGAR document, and in line with the insurance figure.

### **Insurance**

It was noted that Luddington Parish Council is insured with Zurich and all assets with values attached recorded.

### **Local Council Transparency Code.**

It was noted that the Parish Council free to access website is now online, is easy to access and holds the Parish Council documents and policies.

**Delegated Powers**

It was noted in minute page 441 item 10 that due to the Covid-19 virus powers were properly delegated to the Clerk to ensure that Luddington Parish Council can carry out essential business during March, April and May – this is a good practice.

**Policies**

It was noted that the parish Council has formally approved a policy for Co-option of Councillors, Planning Policy, and Tree Management Policy

**Conclusion**

Whilst undertaking the audit, it is apparent that Clerk/RFO is carrying out responsibilities in a manner consistent with the standard required by Local Government Finance Regulations.

Where I have commented on future actions, these are only for Luddington Parish Council to consider, and implement only if the Council feels that they will improve the Council’s procedures.

It will be noted that in page 4 of the AGAR 2019/20 Part 3, the internal auditor has marked item F as Not Covered. This does not imply that there is anything untoward regarding the Parish Council accounts, rather this is a response required by the external auditor and in the case of Luddington Parish Council it means that the Parish Council carries no petty cash. A separate letter to PKF Littlejohn has been sent with this report.

This concludes the Internal Audit.

Signed.....  
W.J.Robinson



Dated...13/07/2020