Background and Scope

The Accounts and Audit Arrangements introduced with effect from 1\(^{st}\) April 2015 in require all Town and Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Parish Council complied with the requirements in the terms of independence from the Council decision making process appointing Voluntary Action Rotherham to provide an internal audit function to the Council; this report sets out those areas examined during the course of our investigation of the Parish Council's Accounts and Accounting processes for 1\(^{st}\) April 2016 to 31\(^{st}\) March 2017.

Internal Audit Approach

The audit has been conducted in accordance with the direction of the Council set out in the approved minutes of the Council meeting held on 19 April 2018. The audit is not designed to identify all significant weaknesses in the Council's systems but, if such weaknesses come to our notice during the course of our examination, which we think should be brought to your attention; we shall report them to you.

The responsibility for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the Council. The audit should not be relied upon to disclose all material misstatements or frauds, errors or instances of non-compliance as may exist.

In accordance with guidelines set out by the Governance and Accountability for Local Councils – practitioners’ guide, our work plan consisted of an investigation to review whether the systems of financial and other controls over the Council's activities and operating procedures are effective. Areas covered by the testing included;

- Bookkeeping
- Adoption and application of standing orders and financial regulations
- Payment control
- Risk management arrangements
- Budgetary controls
- Income controls
- Petty cash procedures
- Payroll control
- Asset control
- Bank reconciliation's
- Year-end procedures

Overall Conclusion

I am pleased to conclude and report that the Clerk has maintained a reasonable standard of record keeping with the exception of a couple of transactions all the receipts and payments were evidenced by appropriate documentation. I have confidence that the figures lifted into the Statement of Accounts for the financial year ended 31st March 2018 are accurate.
Detailed Report

Bookkeeping
A computerised cashbook is maintained and kept up-to-date. The cashbook is arithmetically correct and I have been advised by the Clerk that it is reconciled on a quarterly basis.

Standing orders and financial regulations
The standing orders and financial regulations have been adopted and are adhered to. The financial regulations are reviewed annually, last reviewed and adopted on 15 March 2018. I have been advised by the Clerk that Standing Orders was reviewed in January 2018 but this was not minuted. Advised that this be minuted and approved by the Council in future.

Transparency code for smaller councils
Under the Transparency Code, for smaller authorities (December 2014), Parish Councils are required to publish a range of information on their website.

a) All items of expenditure above £100
b) End of year accounts
c) Annual governance statement
d) Internal audit report
e) List of councillor or member responsibilities
f) The details of public land and building assets; and
g) Minutes, agendas and meeting papers of formal meetings.

There are still a number of items yet to be displayed until the Parish is compliant.

Payment control
All payments are authorised and approved at monthly Council meetings. They are recorded on the computerised cashbook system where they are analysed into account headings based on the nature of expenditure.

S.137 expenditure is recorded in a separate column, and is within the statutory limit. Some S.137 had not been analysed in the correct column, recommend all S.137 is analysed into the S.137 column so the expenditure is easy to identify. There was £5,072.04 of S.137 expenditure during the financial year, this is within the limit.

Value Added Tax (VAT) is clearly identified in a column in the cashbook. VAT is reclaimed from Her Majesty’s Revenue and Customs (HMRC) online at least annually, a notification statement is sent via the post.

Risk management arrangements
All financial activities are approved at monthly Council meetings where they are approved and minuted. A review of the financial controls and systems are carried out annually by the Council in the form of a Risk Assessment, amendments and recommendations are presented at Council meetings for discussion. Last review 12 March 2018.
The Audit and Accounts regulations 2015, 6(1) (a) require an annual review of the effectiveness of internal control. This is aimed at strengthening the governance arrangements in public bodies. However, I saw no evidence of a review. The Councillors should ensure that an annual review of the effectiveness of internal control is undertaken, documented and recorded in the minutes.

The Council is insured by Maven Local Councils. The policy is reviewed on an annual basis, and was renewed on 1 June 2017. The review took place in May 2017, however this was not minuted. Recommend the approval by councillors is documented.

**Budgetary controls**

The Council set their budget on an annual basis and this was agreed on 18 January 2018. Actual income and expenditure is monitored against budgeted income and expenditure quarterly using the management reports produced by the Clerk. Any variance is explained and minuted at Council meetings.

There are earmarked reserves for the playground re-surfacing. Match funding is required.

**Income control**

Income received is recorded in the computerised cashbook and is banked in the Co-operative bank account.

Budgeted precept income is paid by Rotherham Metropolitan Borough Council via BACS in two instalments in the year, half in April and half in September. The precept amount recorded in the cashbook for 2017/18 includes a council tax support grant of £182.58 and agrees with the Council’s notification.

**Payroll controls**

The Clerk is the only paid employee of the Council. A contract of employment is currently in place which has signed by both parties. A job description clearly identifying the specific duties of the Clerk is incorporated within the contract. The salaries and other payments made to the Clerk are reasonable and have been approved by the Council. The salary was last reviewed on 16 June 2016.

Pay as You Earn and National insurance contributions are calculated on a monthly basis by the Clerk. The Clerk calculates the deductions due to the Inland Revenue, however these are not paid across until the end of the financial year. Advised the Clerk that liabilities should be paid over to HMRC before the 19th of the following month for avoid penalties.

The Parish Council has met its obligations with regards to Automatic Enrolment.
Asset control
The Council maintains an Asset Register of all material assets owned or in its care. This is kept up-to-date and is reviewed annually as part of the year end process.

Bank reconciliations
I have been advised that bank reconciliations are carried out every quarter, however, I have seen no evidence of this. The reconciliation consolidates all the Council’s bank accounts, I have seen the bank reconciliation for the year end, there are no unexplained balancing entries.

Year-end procedures
Accounts are prepared on a receipts and payments basis. The accounts agree to the cashbook totals, there is an audit trail from underlying financial records to the accounts. The Parish Council has no investments or outstanding leases or loans. There are no tenancies in operation.
Annual Internal Audit Report 2017/18

Orgreave Parish Council

This authority’s internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority’s needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

<table>
<thead>
<tr>
<th>Internal control objective</th>
<th>Agreed? Please choose one of the following</th>
<th>Yes</th>
<th>No*</th>
<th>Not covered**</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Appropriate accounting records have been properly kept throughout the financial year.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</td>
<td></td>
<td></td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>G. Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H. Asset and investments registers were complete and accurate and properly maintained.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Periodic and year-end bank account reconciliations were properly carried out.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K. (For local councils only)</td>
<td>Trust funds (including charitable) – The council met its responsibilities as a trustee.</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken
5/6/18

Name of person who carried out the internal audit
FAVE HAZLEHURST FINAT

Signature of person who carried out the internal audit

Date 14/6/18

*If the response is ‘no’ please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is ‘not covered’ please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).