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Bewerley Parish Council  
Mrs Sophie Wallace

### **Internal Audit Report for year ending 31 March 2016**

I have undertaken the internal audit of the accounts and documents for Bewerley Parish Council and am satisfied that the Responsible Financial Officer has carried out the work throughout the year in a satisfactory manner. However, there is still some lack of evidence of Internal Control by the Council regarding signing invoices and carrying out periodic checks.

I am also concerned that several of the issues raised in the Internal Audit Report 2015 have not been resolved. I note that these were reported in detail at a meeting of the Council in May 2015. It is now essential that the Council takes steps to resolve them.

### **Issues from Internal Audit Report 2015 still unresolved in 2016 – resolution now important**

#### **Toft Gate Lime Kiln Bank Account**

Repeated....

The statement of accounts for 2013-14 lists the sum of £601.81 in the above account and this was included within the figures listed on the Annual Return.

There is no evidence of any transactions of this amount into the main current or deposit accounts since that time. However, there are no bank statements for the Lime Kiln Account since December 2013, so its existence cannot be confirmed.

This issue was also raised by the Internal Auditor for 2013/14.

For the purposes of the 2014/15 accounts, I have assumed that the Lime Kiln account is still in existence and contains £601.81.

***It is a matter of urgency that this account is verified so that it can be confirmed that there has been no loss or misappropriation of funds.***

#### **2016**

***There is still no evidence of such an account, and it is important that the money is traced.***

***It is again listed as an entry in the current assets – but this needs immediate verification.***

***There is reference in the minutes to an account being created in May 2014 and again in Sept 2014, but still no confirmation of its existence.***

#### **Large reserves**

Repeated....

This has been explained for 2014/15, noting a sum allocated to memorial seat maintenance and for emergency spending.

#### **2016**

***Such allocations need to be noted within the minutes of a Council meeting.***

***There have been references to setting up a special account to hold this maintenance money.***

***This should be done, or a decision made not to do it.***

## Recommendations 2016

### Proper authorisation of payments

From 2015....It is noted that all payments are approved at Council meetings and appear in the minutes. However, it is good practice for internal controls that the 2 Councillors signing each cheque authorise the payments **by also signing the cheque stub and the invoice** to provide evidence that the Councillors had checked the invoice.

**2016 It is noted that some stubs are initialled by the Clerk, and that invoices are generally not signed by 2 Councillors. It is recommended that stubs and invoices are both signed by the 2 Councillors signing the cheque.**

### Internal Financial Controls

From 2015 ....There does not appear to be any internal financial control system regarding checking payments, cheques and minutes, or bank reconciliations throughout the year.

**2016 There is still no evidence that there are any periodic cheques carried out. If they are, then they must be minuted to provide evidence.**

### Statutory Matters

From 2015....Standing Orders, Financial Regulations and Risk Assessment need to be kept up to date in light of legislation. There have been various changes to law recently, and these need to be reflected in these documents. For example, Transparency Code for Smaller Councils which means that all transactions over £100, as well as many other documents must now be posted on the Council website. A current website now becomes essential, so loss of this becomes a risk.

**It is recommended that these key documents be reviewed, checking with YLCA regarding latest model policies and recent legal changes.**

**2016 I have not seen most of the key documents so cannot confirm that they are all up-to-date I recommend they are all checked and updated, particularly the Risk Assessment.**

### Budget / Precept setting

The background work re the budget for the next year and hence the precept should focus on both expected expenditure and expected income. The difference between these is broadly the precept that should be set. Expenditure on staffing costs and associated expenditure is currently higher than the precept received. Any change in additional income would therefore be crucial.

**It is recommended that full account of both income and expenditure is taken when the budget and precept is agreed, and that this decision is documented. Spend against budget should also be reported to the Council during the year.**

### Transparency Fund Grant

It is noted that the Council received £611 from the HM Government Transparency Code fund, but there is no record as to how this money was spent. In fact the £200 web hosting charge paid in 2014/15 does not seem to have been paid in 2016/17.

**It is recommended that payment re web-hosting is checked and that reference is made in the minutes as to how the grant was used.**

### Asset Register / Insurance

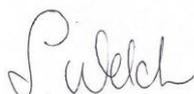
It is noted that there is a total of around 40 benches listed on the Asset Register, with no value against them, and that these are not insured.

**It is recommended that the Council consider these matters.**

I trust that the above comments and recommendations are helpful to the Council.

I am happy to discuss any matters further with the Responsible Financial Officer or the Chairman.

Kind regards



Susan Welch BSc