

Internal Audit Report to Ilkley Parish Council

Date of Visit 26/05/2017

Introduction

The purpose of an Internal Audit is to give management assurance that all is working well and that the current systems in operation are robust and fit for purpose.

My audit work plan is based on a mutually agreed rolling programme of tasks to be completed at each visit. This programme is not static and will be continually supplemented to address future challenges faced by the Parish Council.

At each audit I will list my previous recommendations in the current report and these will be the first items reviewed at the following audit.

Recommendations from Internal Audit 31/01/2017

- The Town Crier to be contacted regarding her tax situation and a note kept on file of the conclusions reached. This would be useful should HMRC query this in the future. *A letter was sent to the Town Crier which explained that she is responsible for her own taxation. This letter will be kept on file for future reference.*
- Business plans for the new services taken on from Bradford Council. It always helps when doing something new to focus on what is required and this will help avoid any pitfalls. *Bradford Council has not made a decision regarding the transfer of Tourist Information so this is on hold. The Parish Council has made a start on mapping out a framework for the running of the toilets and a sub-committee has been set up for this purpose.*
- To determine the hold up for the transfer of the allotments site from Bradford Council and devise a strategy to resolve it. *Cllr Wallbank had sent me a report regarding the reasons for the lack of progress in this area. This was appreciated and it is hoped that direct communication with officers from Bradford Council will further this issue to a speedy conclusion.*

The Audit 26/05/2017

Internal Audit Programme
Areas to be examined

1. Financial Year end
2. Asset Register Examination
3. Internal Control Documentation check
4. Annual Financial policies check
5. Annual Return sign off

1 Financial Year End

RBS have successfully completed the year end process. At the year end there was £67,159.71 in the reserves account and £75,202.03 in the current bank account.

I also examined the petty cash and as at the 31/03/2017 there was £38.35 in petty cash, this amount does not form part of the Statement of Accounts in the Annual Return.

I examined all transactions for both income and expenditure in the last quarter of the financial year and found a good audit trail for transactions. I did note that two invoices that were addressed to individual councillors rather than the parish council. I established that the invoices were for legitimate council expenditure but legally all invoices should be addressed to the Parish Council.

I also examined the accounts of the Darwin Trust, at the last year end it was difficult to establish that the council had properly discharged its duties in respect of this area and reconciling the year end was not straight forward. At this year end this process has much improved and there are now excellent audit trails in place for all transactions. It was therefore an easy process to reconcile the transactions carried out in year to the bank account of the trust.

2. Asset Register Examination

The total of the items on the Asset Register is now £61,810. During my transaction testing I noted that the council had purchased 4 defibrillators at a cost of £5,080. These had been correctly added to the register and for the purposes of the Annual Return I found that the Asset Register was an effective document which properly recorded all the assets of the parish council.

3. Internal Document Check

I examined the system for the year end internal controls process and found it to be robust. All financial controls had been reviewed and documented with two councillor's signing that they had gone through this process.

4. Annual Financial Policies Check.

All policies are up to date; the Financial Regulations were updated and approved by the Parish Council on the 15th of May 2017.

The Risk Assessment Policy was also updated and approved at the same meeting. The Risk Assessment Policy is effective and covers all current activity. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. Bearing this in mind it would be prudent to add the services from Bradford Council that the Parish Council is currently taking on. Until the process is embedded there are some unknowns and so there are more risks to consider. I also noted on the policy that steps were being taken to ask Bradford Council about its intentions regarding the Town Hall. This is a beautiful building and a fitting address for the Parish Council. The building is not fully used and with the eye watering cuts made by Central Government to Local Government councils such as Bradford are looking at ways to increase revenue to protect front line services. Selling off assets is something that

many types of council currently have to do. With this in mind I wonder if the Community Asset Transfer process would be worth considering. This is the transfer of land or buildings from a public body (usually a local authority) to a community based organisation at less than market value. There are several legal options for Community Asset Transfer, but most tend to be long term leasehold arrangements (25+ years at a peppercorn rent) to enable external funding to be secured. There is currently Heritage Lottery Funding that the council could perhaps consider should it decide to go down this route.

Although a shorter term arrangement might be appropriate as a stepping stone to a more substantial agreement in the future. This will also give the council more time to consider all eventualities in not only the cost of leasing/purchasing the property but the added costs of keeping it in good repair.

5. Annual Return Sign Off

An extension for the deadline has been given to the council for the Annual Return, the new deadline is the 19th of June this enables the accounts to be signed off at the next council meeting. The deadline extension means that the date for the public inspection of the accounts has also been extended too. Clare has made the proper provision for the public scrutiny of the accounts.

The positive outcome of the audit work I carried out during my visit allowed me to sign off the Annual Return for 2016/17 without qualification

Conclusion

Clare was not at work at this visit but had left a very comprehensive explanation of all topics to be covered with all necessary working papers. The Deputy Parish Clerk Louise Close was also on hand to answer my queries.

My audit opinion is that Ilkley Parish Council is an effective Council with good working practices. My next visit will be in September 2017.

Listed below are the recommendations not in order of importance but in the order of work completion. There were no fundamental findings as the financial operation of the council is robust.

- All invoices should be addressed to the Council and not individual councillors.
- Adding the takeover of services from Bradford Council to the Risk Assessment Policy until all risks have been considered and mitigated.
- Consideration of a Community Asset Transfer for the Town Hall.

I hope that this is satisfactory and I would like to thank Clare as always for her help throughout the audit process. Although she was not physically there she had prepared for my visit and all documentation needed was available, Thanks also to Louise and I wish Ilkley Parish Council all good wishes for 2017/18.

Diane Brown- Internal Auditor Ilkley Parish Council

28/05/2017