

Internal Audit Report to Ilkley Parish Council

Date of Visit 31/ 01/2017

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.

The basis of 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 14/09/2016

- Copies of all cancelled cheques to be retained whenever possible- *this was agreed.*
- Recent purchase of brass plaque to be added to the inventory- *this has now been added.*
- Employment status of the Town Crier to be clarified and the necessary action taken- *Clare has taken advice on this issue from NALC and I have a copy of the correspondence. This does not however address my original query regarding tax. Clare and I agreed that she would write to the Town Crier asking for confirmation that she is responsible for the payment of her own tax. Copies of all documentation will be kept on file as proof that Ilkley Parish Council sought advice on this issue.*
- Bank reconciliations to be properly evidenced and authorised by members at each relevant council meeting. - *This is an important control and members must ensure that they see both the bank reconciliation and the prime documentation i.e. the bank statement. This will be a fundamental check carried out at each audit visit.*
- Consideration of a future project to ensure that there is a consistent and fair methodology for the charging for allotment plots. This will involve a re-measuring exercise which I feel will be particularly useful for when the Parish Council has ownership of the site - *It was agreed that this would be a beneficial exercise however in the short term there is not the capacity for this exercise. It is recommended that this is something to complete in the future.*
- At my next visit in January 2017 I will monitor the progress of the transfer of ownership of the allotments to the Parish Council. It is hoped that this exercise will have been completed. - *There has been no progress on this issue, for my next visit it was agreed that the reasons for the delay be noted and a strategy implemented for speeding up this process.*

The Audit 31/01/2017

Internal Audit Programme

Areas to be examined

1. Budget Preparation the year ahead and Precept discussion

2. Preparation for the year end
3. Sampling of transactions prior to the year end
4. Risk Assessment discussion
5. Legislative changes when appropriate
6. Changes in operation since my last visit

1 Budget Preparation for the year ahead and the Precept discussion

Clare and I discussed the preparation of the 2017/18 budget and the financial challenges ahead. Owing to the cuts inflicted on lead councils by Central Government, parish and town councils are now having to take on extra responsibilities. Councils are facing tough budgetary decisions as their first priority must be front line services. This can however leave gaps in services that many communities feel are important and would be sorry to lose. Examples of these are less street cleaning, reduction of dog warden services, closing of libraries, and public toilets. Councils are also selling off their assets such as public buildings in an effort to balance their books. In Ilkley one of the current challenges is the closure of the public toilets and the Visitor Information Centre.

Ilkley attracts a lot of visitors owing to a great location, vibrant high street and the holding of events such as the Concert on the Grove. The closure of both these amenities would have a detrimental effect on the town and therefore the Parish Council has decided to keep them going. £50K has been agreed as a budget figure for 2017/18 but at this present time it is not known if this will be sufficient. Unlike Bradford Council, Ilkley can use economies of scale and hopefully can run these services more cost effectively. It is recommended that business plans are prepared for both services to determine all factors are taken into account when ensuring the most efficient use of resources.

Other challenges to the budget include the Wharfedale Greenway and new members of staff. Currently there are quite a few unknowns and variables so 2017/18 will be a challenge financially. To finance these measures the parish council has increased its precept by £80,894. It is a large increase but hopefully the Community endorses the increase to continue services that without the intervention of the parish council would cease.

2. Preparation for the Year End.

From my discussions with Clare I am reassured that all is in hand. RBS are to visit the council and close down the financial accounts. Clare and I will liaise with each other for a suitable date and we will ensure that the correct date for the public examination of accounts to be noted for the Annual Return.

3. Sampling of the transactions prior to the year end.

Transactions from the beginning of September to the end of December 2016 were examined and found to be satisfactory. I was able to reconcile the bank account dated 30/12/2016 to prime documentation. The amount in the bank at this date was £114,350.44. At my next visit I shall examine transactions for the final quarter of the financial year.

4. Risk Assessment Discussion

Clare and I decided that this area of examination would be better suited to the year end and it would be covered at my next visit.

5. Legislative changes when appropriate

There is nothing to discuss regarding this as there are no changes which currently affect the parish council. It is fortuitous that the extension of the referendum principles has not been actioned as the parish council would have had some problems with the planned precept increase. The Government realised that many parish councils were taking on additional responsibilities with the added costs and so this would not have been workable.

6. Changes since my last visit

One of the changes since my last visit is the employment of three members of staff. There are two new posts and the existing post of administrative assistant being filled. I examined the contracts of all three staff and found them to be satisfactory.

Other matters discussed at the audit

The parish council has taken over the administration of the Darwin's Garden Trust and Clare has completed the annual return to the Charity Commission which I examined and found to be satisfactory.

Conclusion

I consider that Ilkley Parish Council is an effective council with good working practices. My next visit will be in May 2017.

Listed below are the recommendations not in order of importance but in the order of work completion. All recommendations have been discussed and agreed with Clare.

- 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.
- 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.
- To determine the hold up for the transfer of the allotments site from Bradford Council and devise a strategy to resolve it.

I hope that this is satisfactory and I would like to thank Clare as always for her help throughout the audit process.

Diane Brown- Internal Auditor Ilkley Parish Council