

Internal Audit Report to Ilkley Parish Council

Date of Visit 26th May 2016

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 11/02/2016

- Writing up of Clare's appraisal – *now completed.*
- Risk assessment document to be updated as per my findings and increased consideration of future risks posed- *now completed.*
- Sector led Body external audit arrangements to be discussed at the March Council meeting - *Discussed and it was agreed not to opt out.*
- Be aware of the requirements of the money laundering prevention initiative, it may be a good idea to have as an agenda item- *Awareness raised as to this issue*
- Local Council Award Scheme, remind the YCLA!- *Reminded twice but the YLCA has yet to respond*
- Three quotes if possible for the forthcoming insurance .- *Three quotes were requested but only two received but Ilkley Parish Council did go to Came and Co which is a reputable parish council insurance broker and the insurance policy is now with Hiscock Ltd.*

The Audit 26/05/2016

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. Signing off of the Annual Return

1 Financial Year End

My visit was arranged on the 26th of May as RBS were at the parish council offices the day before closing the financial software for 2015/16. Clare said that this had

gone smoothly, the year end figure was £142,529.72 but after consideration of the year end asset and liability calculations the actual carry forward was £120,929.

As part of my visit I examined transactions for both expenditure and income from September 2015 to March 2016 and found an excellent audit trail with all transactions properly actioned.

2. Asset Register Examination

As at 31st of April 2016 the parish council has a total of £58,531 of assets. I examined the additional items on the list which are kept in the safe.

- Dark polished Plaque
- Chairman's chain of office
- Chairman's Lady's Silver gilt and Enamel Jewel pendant
- Vice chairman's badge of office
- Parish Clerks Badge

The plaque, vice chairman's badge of office and the parish clerks badge were seen, the Chairman's and Ladies chain of office were not present as they were being used on a visit by the Chair and consort. I noticed that there was a Chairman's Badge which is not listed on the inventory and should be added.

I also noted that the allotments were listed on the register at a nominal cost of £1 per site which seems a strange arrangement. They have been added in this format since 1st April 2007, this means that the proposed transfer of these assets from Bradford Council has taken 9 years which is in my view is a very long time! I understand that the current hold up is because of some trees however I would have thought with the deep cuts that councils have been inflicted on councils like Bradford that protecting front line services will be considered more important than the cost of felling of trees. In addition as Bradford Council is actually giving the assets to the parish council then it may be prudent to accept them? I recommend that this matter is looked into and hopefully a speedy resolution reached.

3. Internal Control Documentation Check

I examined the latest Internal Control Documentation and found it to be an excellent example of good practice; two councillors with financial experience have examined the current financial controls in operation and signed the relevant documentation. I think the only improvement in this robust system would be to have this document on the web site as proof of Ilkley's excellent financial operation.

4. Annual Financial Policies Check

Financial policies examined and found to be up to date for example the Standing Orders had been updated in October 2015 and the Financial Regulations updated March 2016. All policies are on the web site which is further proof of good practice.

5. Signing off of the Annual Return

I was able to sign off all parts of the Internal audit page of the Annual Return positively however I have two comments to make on this when I noted the External Auditors comments from the 2014/15 Annual Return.

Firstly the assets had been restated and at the request of the External Auditor were noted at the 2013 amount of £19,247 rather than the current amount. As this is at the request of the auditors then I cannot make any comment on this.

Secondly the previous internal auditor had ticked the non-applicable box for trustee status which is not correct as the council is a sole trustee of the Darwin's Gardens Trust which has charitable status. I understand why he did this as his only other option was to have ticked the no box which would have indicated that the council was not meeting its responsibilities as a trustee.

In conversation with Clare I was made aware of the current situation and that the council was taking this area back in house. From looking at the Charity Commission Web site I established that the current return is 116 days overdue and although Clare had requested that the accounts were available for my visit they had not materialised. I needed to see the accounts so that I could form an opinion as to whether Ilkley Parish Council is meeting its responsibilities as a trustee.

This was a dilemma for me as I wanted to tick the yes box but without seeing the accounts I was not able to do this. However in partnership with Clare the records that were available were examined and although they could not be balanced in their entirety I was given some assurance that they were adequate. I decided that I could tick the yes box which stated that the council was meeting its responsibilities. I will look at this area again once the parish council has full control of it.

Other matters discussed at the audit

Clare and I discussed the move of bank to Santander and this will be discussed further at the next audit. The YLCA have not as yet come back to the council regarding the Local Council Award Scheme, I understand that many parish councils are in this position, hopefully by my next visit this will have been completed.

Conclusion

I consider that Ilkley Parish Council has excellent working practices. My next visit will be in September and as part of that visit I will also look at the council's responsibilities as Sole Trustee for Darwin Gardens Trust.

Listed below are the recommendations not in order of importance but in the order of work completion.

- Chairman's badge to be added to the inventory
- Transfer of the allotments from Bradford Council
- Internal Control Documentation to be put on the web site

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

Diane Brown- Internal Auditor Ilkley Parish Council 01/06/2016