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Independent Internal Audit Service for Parish and Town Councils

27th May 2019

The Chairman
Bury Parish Council
C/o 37 Station Road
RAMSEY
Cambs PE26 1JB

Dear Sir

INDEPENDENT INTERNAL AUDIT FOR Financial Year 2018/2019

As a mid-year audit was undertaken so close to the financial year end, I have enclosed a report of my findings together with observations and recommendations for the Council to consider. I have also completed the Check List to include the whole year.

In the time allotted it is not possible for me to inspect all Council documents, but a spot check has raised the following issues. I would also remind the Council that it is not in my remit to check the accuracy of the Council accounts.

I trust that the Parish Council have been satisfied with the level of service we have provided and that they will consider appointing Canalbs Ltd to undertake the Independent Internal Audit for the next financial year. Our charge will remain at £42.50 per hour for the next financial year, and, in line with Inland Revenue our mileage rate will stay at 45p per mile.

Yours sincerely

Jacquie Wilson (Mrs)
Director

REPORT AND OBSERVATIONS TO BURY PARISH COUNCIL

Please refer to my previous mid year report for any update in italics on these issues:

GENERAL DATA PROTECTION REGULATIONS now in force since May 2018.

The preliminary work has been undertaken but because data is constantly being processed the maintenance work under these regulations will always be "work in progress".

ETHICAL FRAMEWORK

I believe all the check points I gave have been addressed.

AGENDAS AND MINUTES

Now the Clerk has started her CiLCA training I believe all the items listed under this section will be rapidly addressed and should be operating legally by the time of my next visit.

ACCOUNTS

Please note that Parish Councils cannot reclaim VAT on purchases made by a third party on behalf of the parish council. Any invoices/receipts for payment must be made out to the parish council and paid direct the supplier.

All councillors should note this information about third party purchases.

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Issues raised during my year end internal audit:

PROCEDURES

In reviewing procedures I have taken into account that the Clerk is progressing with CiLCA training and that new practices will be put into place to rectify most issues.

However these areas need to be addressed now:

BUDGET AND CASH BOOK

These two documents need to have an additional heading called "Section 137 Grants" and then any such grants must be entered with the appropriate amount into this dedicated column – this is a mandatory requirement when using this particular statutory power.

Please also note that if there is no specific heading included in the Budget to cover such items as (say) "elections" "bus shelters" etc then the Parish Council cannot undertake spending anything under these items until it is in the next year's budget with the appropriate heading.

Note: Section 137 of the Local Government Act 1972 will allow Parish Councils to precept up to £8.12 per elector for 2019/20.

ENGAGING CONTRACTORS

There are model documents which can be obtained from neighbouring councils (Upwell is one) which can be tailored to your council and act as a check list to ensure you are observing best value and risk assessment etc when appointing any contractors.

This year the Council engaged a new contractor Garden Reclaim for which the terms and conditions are currently being drawn up. Please note that when minuting the decision to appoint them you should include the name of the chosen supplier, the cost incl/excl VAT and the length of contract if appropriate.

WRITTEN COUNCIL POLICIES

I understand that all council policies are being reviewed and re-adopted this year. There should be a cover sheet for each policy which indicates the date of the review and a scheduled date for the next review.

The enclosed checklist gives an indication of some of the most necessary policies.

The Asset Register is currently work in progress and need totals of acquisition and insurance replacement columns so that it is quickly possible to check them against the Annual Return Form and Insurance Policy documents.

Risk Assessment Policy these two policies need to be introduced.

This part of the Council document should be reviewed to ensure that all assets of the Council are included within the policy and that an assessment of the risk to each is listed. Some councils use a "high" "medium" and "moderately low" and "low" risk which automatically triggers a written inspection procedure i.e. if a bus shelter was considered a moderately low risk it would be inspected twice a year.

The Risk Management Policy

This part of the document would then dictate how that procedure would be managed. Using the above example it would dictate that this bus shelter would be inspected in (say) May and October each year, it would specify who would be responsible for the inspection, an inspection log sheet would be created for the person to complete, then it would outline the procedure for submitting that log sheet to the Council notifying them of the condition and any need for repair and then would outline the procedure for ensuring any work was undertaken and when completed. These inspection details would then need to be securely filed and kept for 21 years against insurance claims for damage.

RESERVES

The Clerk and I discussed the draft report regarding the declared Reserves to be sent to Littlejohns. The issue is that currently the Council is declaring that it is holding nil General Reserves against the Precept of £30,000 and Fixed Assets of £88,636. I recommend the Council consider reallocating the amounts declared in the Earmarked Reserves to address this issue.

Although you will never find any definitive guide lines on what the level of General Reserve should be, it is nationally recognized that there should be sufficient held to cover the potential risk to Council assets and possible staff costs throughout that year. Therefore I recommend that the Council consider adding a clause to their Financial Regulations that they will hold a (named *and suggest much closer to at least 50%/75%*) percentage of each Annual Precept when it is set in the budget. This will obviously be adjusted each year but will establish why it alters when the Precept Request increases and will help to ensure there are some funds available in an emergency. Note: The Parish Council can only borrow money from recognized sources for capital projects and it is not allowed to go bankrupt.

BUDGETARY CONTROL STATEMENTS

This document needs to be introduced into the Council report system at least quarterly. It should comprise of at least four columns (the Council may wish to have other financial matters to be included) The four columns needed are:

Budget Heading i.e.	Budget for Current Year	Amount Spent to Date	Balance Left
Burial Gnd Mntce	£1,000	£ 250.00	£750.00

BURIAL GROUND

Recommend joining ICCM for an annual fee of £95 p.a. This organization will give advice on setting up your new cemetery extension ensuring you are not breaching any regulations and advising on methods of risk management etc. Also they give excellent training on all administrative and risk management. One is due to be given in September in our area.

PLAYGROUNDS

Statutory law dictates that playgrounds require to have an annual RoSPA Inspection.

Currently the Council have quarterly inspections made by Play Maintain. The Council needs to check that one of these inspections meets the statutory requirement of engaging a RoSPA Annual Inspection.

Also:

Under the high risk management for playgrounds it is necessary to set up additional inspections at least monthly. For this the Council will need to create inspection log sheets that must include all the assets on site with a box to indicate inspection and any faults to be reported. This sheet should then be signed by the (appointed) inspector and should be dated and timed. The sheet then needs to be handed to the Clerk to begin the further progress of managing the repair or replacement of any faults found. These sheets should then be filed securely for 21 years against insurance claim.

Jacquie Wilson (Mrs)
Director