# Leicestershire and Rutland ALC | IAS

# Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the
Annual Governance and Accountability Return)

| Name of council: | Burton Overy Parish Council | | |
|---|---|---|---|
| Name of Internal Auditor: | Hayley Cawthorne | Date of report: | 19/05/2019 |
| Year ending: | 31 March 2019 | Date audit carried out: | 10/05/2019 |

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control.  Managing the council's internal controls should be a day-to-day function of the staff and management and not left for internal audit.*

***The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.***

**To the Chairman of the Council:**

I carried out the year-end audit review of Burton Overy Parish Council on 10th May 2019.  I would like to take this opportunity to thank Kate Barker, the parish clerk, for her help and assistance.

Prior to the visit I reviewed the information available on https://www.burtonoverypc.org.uk/

I was able to access a well ordered and detailed set of documents and records.  By examination of theses documents and records plus further questioning during the visit, I tested aspects of the Council's internal controls as required for the Internal Audit section of the Annual Governance and Accountability Return (AGAR) Part 2, and notwithstanding the items noted below, I am satisfied that effective policies and procedures together with systems to manage, monitor and control the Council's business are in place.  As a result, I was able to answer 'Yes' to all relevant questions on the AGAR and have signed as required.

Noted this visit:

- The Transparency Code for Smaller Authorities sets out certain information that must be published on the Council's website.  The items I spot checked were indeed on the website, but as a aide memoir please ensure the following continue to be published:

> 10.    Smaller authorities should publish:
>    a.   all items of expenditure above £100 (see paragraphs 13 - 15);
>    b.   end of year accounts (see paragraphs 16 and 17),
>    c.   annual governance statement (see paragraphs 18 and 19),
>    d.   internal audit report (see paragraphs 20 – 22),
>    e.   list of councillor or member responsibilities (see paragraph 23), and
>    f.   the details of public land and building assets (see paragraphs 24 - 27),
>    g.   Minutes, agendas and meeting papers of formal meetings (see paragraphs 29 and 30).

- The Parish Council minutes log should read like a book, hence page numbers should continue from one meeting to another. For example, pages 1 to 4 may be for the April meeting, pages 5 to 8 then for the May meeting etc. Page numbers continue also into the following years.

- The clerk and I discussed adopting a new minute reference system, to denote the year and the item e.g. 19/001, 19/002 etc. and for the referencing to continue from one meeting to another e.g. last item on the agenda of one meeting may be 19/025 so the reference for the first agenda item for the next meeting would be 19/026

- The clerk and I discussed the format of the minutes, and highlighted the need to ensure all vital information is included in the actual minute log, and not as an appendix. For example, bank reconciliation amounts to appear in minutes

- It is recommended that the Parish Council refers to 'LRALC's Local Council Documents and Policies' document to ensure all it has adopted all the policies which the parish council deem appropriate.

- The clerk and I discussed how a parish council can only do things which it has the legal power, through legislation, to do. I recommend the parish council revisit the list of powers and discuss where their key activities fit. 'Local Councils Explained' by Meera Tharmarajah offers a thorough and up to date list. One point to note is the lack of power to offer grants to local organisations and the potential of using section 137 to support any such payments.

- It is recommended that all invoices are signed by the chairman and dated/date stamped at the meeting when the resolution was made to pay the invoice.

- It is recommended that the bank statements are signed and dated/date stamped at the meeting at which they are acknowledged, indicating the figures on the bank statement match the bank reconciliation figures in the minutes.

- The clerk and I discussed how mileage payments along with salary and PAYE (if applicable), should be accounted for in box 4 -staff costs on the AGAR. Working from home allowance, if paid, would be included in box 6

- A recommendation for the parish council to discuss a work from home allowance for the clerk

- It is recommended that the clerk's contract and associated documents (job specification and essential criteria) are reviewed. The LRALC offer templates as well as their job review service to assist with this.

- A recommendation to review that as an employer, the parish council is providing their clerk with paid annual leave as per the clerk's contract of employment. For example, a clerk employed and paid to work 4 hours a week for 52 weeks of the year amounts to 208 hours of work. However, on a pro rata basis, actual working hours per week should be 3.57 (assuming annual leave allowance of 28 days per year including bank holidays). To achieve a four hour working week a clerk would need to be paid for 4.5 hours. Please refer to illustrations below (used to explain above, hence for information only)

**Calculating Leave Entitlement for Part Time Staff**

| | |
|---|---|
| Enter number of hours worked | 4.00 per week |
| Equals hours per month | 17.3 hours |
| Equals hours per year | 208.0 hours |
| Standard Local Goverment week | 37.0 hours |
| Pro-rata multiplyer | 0.11 |
| Enter full time Annual Leave Entitlement (including bank holidays etc) | 28.0 days |
| Convert fulltime Entitlement to hours | 207.2 hours |
| Equals pro-rata Monthly Leave Entitlement | 1.9 hours |
| Equals pro-rata Weekly Leave Entitlement | 0.4 hours |
| Balance of working hours | 3.57 hours |

**Calculating Leave Entitlement for Part Time Staff**

| | |
|---|---|
| Enter number of hours worked | 4.50 per week |
| Equals hours per month | 19.5 hours |
| Equals hours per year | 234.0 hours |
| Standard Local Goverment week | 37.0 hours |
| Pro-rata multiplyer | 0.12 |
| Enter full time Annual Leave Entitlement (including bank holidays etc) | 28.0 days |
| Convert fulltime Entitlement to hours | 207.2 hours |
| Equals pro-rata Monthly Leave Entitlement | 2.1 hours |
| Equals pro-rata Weekly Leave Entitlement | 0.5 hours |
| Balance of working hours | 4.02 hours |

This report is based on the evidence made available to me.  It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud.  Consequently the report is limited to those matters set out.

I would like to wish your council all the best for the year ahead

Yours sincerely,


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Internal Auditor to the Council
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The figures submitted in the Annual Governance and Accountability Return are:

| | Year ending 31 March 2018 | Year ending 31 March 2019 |
|---|---|---|
| 1. Balances brought forward | 9,734 | 5,301 |
| 2. Annual precept | 7,000 | 8,000 |
| 3. Total other receipts | 4,445 | 2,301 |
| 4. Staff costs | 2,780 | 2,860 |
| 5. Loan interest/capital repayments | £0 | £0 |
| 6. Total other payments | 13,098 | 5,609 |
| 7. Balances carried forward | 5,301 | 7,133 |
| 8. Total cash and investments | 5,301 | 7,133 |
| 9. Total fixed assets and long term assets | 15,864 | 16,854 |
| 10. Total borrowings | £0 | £0 |

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2018)*. It is a guide to the accounting practices to be followed by local councils, and sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from:

http://www.leicestershireandrutlandalc.gov.uk/uploads/governance-and-accountability-for-smaller-authorities-in-england-2018-sections-1-5-1.pdf