



## **Brixworth Parish Council**

### **Report of the Verification Officer**

#### **Final Internal Audit Check Report Financial Year 2018-19**

#### **General Comments**

##### **a) Background**

An internal audit check carried out by the Parish Council is where an appointed Councillor will make checks of a number of Financial Transactions a number of times each year to ensure compliance with the law and the Council's own Financial Regulations. It is not a full Audit of all transactions, but of a sample, indicative of a typical range of transactions made. It can be seen as a general indicator of the degree of compliance the Council is achieving with the Regulations and an early warning of anything not in accordance with good practice.

Following this will be a final Internal Audit by an external person appointed by the Council and finally there is an external Audit check by an outside firm.

Last year the Accounts of the Parish Council were under public challenge and as a result the Parish Council received only a Qualified Report from the external Auditor indicating there were areas where change or improvement was necessary.

##### **b) Final Quarter Internal Audit Check**

I found no errors of accuracy in the sample examined, but there were some areas where I am of the opinion that attention needs to be paid to the processes.

1. It is a requirement that copies of approved Parish Council Minutes be publicly available. These will include the record of payment approvals. It seems that the hard copy once deposited in the library has not been placed there for a considerable time. So the on-line record is the only readily accessible record that can comply with the legal requirement, short of specifically requesting a copy from the Clerk.

1. The Minutes of the 28<sup>th</sup> February 2019 meeting containing the details of Financial Transactions were not placed on the Council web site, and another document was placed there in error. It is recommended that care is taken to ensure the correct Minutes of meetings are placed on the website as soon as practicable subsequent to approval by Full Council so these financial records are readily available to the public as required in law.

Council should also review whether a hard copy of Minutes with the financial transaction record is to be placed in a public place such as the Library or, as some Councils do, on the Parish Notice Board. I can find no record of the Council agreeing to stop the deposition of Minutes with the Financial Information on but the practice seems to have been discontinued before the time of the present Clerk. I recommend a decision be made in this matter rather than let it die by default.

## **2 Retrospective Payments**

A retrospective payment is when a payment is made without the invoice having been approved for payment by Full Council or, indeed, perhaps not approved by them at all.

This can be permitted under our Financial Regulations when the Clerk is permitted to incur expenditure under certain circumstances and within certain limits without existing authorisation of the Council or, alternatively, can make a payment without specific approval of the invoice by Council. An invoice was received close to the date of a Council meeting, too late, it appears, to be placed on the Agenda for payment. I believe the terms of payment were such that payment was said to be due before the next meeting so the Clerk made the payment and sought approval at the subsequent meeting. There is no suggestion the Clerk was acting improperly or outside what is permitted in these specific circumstances, but I recommend that efforts are always made to inform suppliers of the time-span for payment and to make payment after Council approves the invoice. In previous years, (outside of the present Financial Year) large payments were made to a supplier retrospectively, it being cited that a 14 day payment period was a condition of supply. It became apparent that that period was a preference but the bill would not incur interests for being overdue until 30 days had expired and so the bills could have been properly presented and approved by Council. With a shorter payment period, Councillors may be denied their opportunity to examine or challenge the payment before it is made, which is what happened in the current example. I advise that a 30 day payment period should be agreed with suppliers as a minimum. It is no different from what is common in Local Government. However, in this case, the Council had resolved to purchase the item, so it is only the invoice approval which attracts my scrutiny.

It is very positive that the Clerk has recorded the correct Act under which to purchase the items in question, as it is not the usually used Local Government Act 1972 in this case. Well spotted, Peter!

## **3 Dates to be placed on orders**

Two transactions examined had no date on the order form. It is important, in case of non-delivery for example, that this information is present. I accept these omissions were oversights and no on-going problem has been identified.

My comments above are quite detailed but not intended to be critical of our Clerk who has made much improvement on the way the accounts were recorded historically.

Ian Barratt

18.5.19