

Internal Audit Report 2015-2016

Introduction

- 1 In accordance with the Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed. These are managed, in line with the Governance and Accountability for Local Councils Practitioners' Guide (GALCP) and meet the needs of the Council. I confirm that I do not have any role within the Council and will carry out my duties without bias. The points listed below are for noting:

Audit

- 2 Prior year audit points for action. The external audit note on fixed assets was reviewed by the Council in October 2015 and it was resolved that no changes were needed to the asset register because the MUGA is not owned by the Council. The review of the assets list recommended by the internal auditor is in progress and the items relevant to agendas have all been implemented.
- 3 End of Year Accounts 2015-16 – The accounts are accurately presented. Income and Expenditure is properly recorded and the information produced is accurate and comprehensive. The Annual Return was checked against the supporting documents and was found to be correct. Figures in the end of year return are supported by the accounts. Bank Reconciliations are regularly completed and are correct. The Internal Control Objectives defined in the Annual Return have all been met.
- 4 Standing Orders were adopted in May 2014 and it was agreed at the May 2016 meeting that these will be reviewed in 2016. The Financial Regulations were last adopted in Dec 2014 and will be presented for review and re-adoption in 2016.
- 5 Risk Assessment – A risk assessment was last updated in 2012. A review was started in April 2016 and is currently in progress.
- 6 Internal Controls
 - 6.1 A review of the effectiveness of its internal audit procedures will be completed prior to the consideration of the governance section in the annual return at the June 2016 meeting.
 - 6.2 A light audit of the financial records is made by a Council Member on a quarterly basis. This was completed but not on a regular basis this year. *It is recommended that this review be completed on a regular basis and by a rota of Councillors. The outcome of the reviews to be reported to Council and recorded in the minutes.*
- 7 Bank Reconciliations. Reconciliations for each of the bank accounts are completed each month and were confirmed when audited to be correct. Councillors in the Finance Committee are provided with bank reconciliations and statements at quarterly meetings. These were found to be signed as approved but not consistently. *It is recommended that Councillors at finance committee meetings undertake to initial the bank reconciliations at each meeting and that it is recorded in the minutes as approved.*
- 8 Asset Register – A register is maintained that represents approximate cost and agrees to the Annual Return. The value insured is consistent with the insurance schedules. Detailed schedules of assets and locations are maintained.
- 9 Insurance – The Parish Council's Insurance cover was renewed with Came & Co in October 2015 and is adequate.

- 10 Budgetary Control. Annual budget reports are prepared in support of the precept. The 2016-17 Precept and Budget were approved at the meeting in January 2016. Members receive clear and accurate monthly reports of Income and Expenditure with comparisons to budget and with any key variances explained
- 11 Income – The precept recorded in the minutes and on the Annual Return agrees to the Council Tax authority's notification.
- 12 Petty Cash – A petty cash float of £20 is maintained and disbursements properly accounted for.
- 13 Payments - Internal Controls are in line with GALCP and with the Council's financial regulations. Payment are approved by members at meetings with a table of amounts approved included in the minutes. Invoices and cheque stubs are initialled as approved by Councillors.
It is noted that to accommodate both urgent and on line purchases several and sometimes large payments are made by the Clerk from her personal account and then reclaimed via expenses. The Council should consider if this is appropriate and if other means of payment eg On line banking or debit cards from the Council's bank account may be used to avoid the Clerk having to use her personal accounts on Council business.
- 14 Section 137 . There were no S137 payments.
- 15 Vat is properly accounted for and reclaimed from HMRC.
- 16 Staff Wages – The Clerk has a contract of employment and conditions are reviewed annually. Payments Salary NI and Tax are administered by the clerk using the HMRC payroll site. Payments to Staff and HMRC are correctly made.
- 17 Debtors and Creditors - A new financial system (SAGE) was introduced in 2015-16. The clerk confirmed that the prior year accounts were also completed on an income and expenditure basis but there were no brought forward debtors or creditors. A review of the closing VAT creditor is recommended to confirm its value although it is noted that the amount is not significant. Other debtors and creditor values were confirmed as correct.
- 18 Agendas & Minutes are sent out in time and are well presented and recorded in the minute book.
- 19 It is noted that the figures have been produced by the Clerk in accordance with the requirements and all supporting documents have been produced for the Internal Auditor. The Clerk's co-operation aided considerably the work of this internal audit. Thank you.

Keith Robertson FCMA
Internal Auditor
26th May 2016