

# Tredington Parish Council

## Internal Audit Report 2015/16

### 1. Introduction

I have approached the audit using **appendix 9** of the Practitioners Guide 2014 as a template. The appendix lists 10 key audit control tests which represent the minimum level of internal audit coverage required. These 10 tests form the basis of section 4 of the Audit Commission “**Local Councils in England Annual Return**” which I have completed and returned to the Parish Clerk.

2. Audit	Reported findings
<p>1. <i>Proper Bookkeeping</i></p>	<ul style="list-style-type: none"> <li>• The accounts book is very well maintained and up to date.</li> <li>• All payments and receipts were found to be correct and supported by documentation.</li> <li>• The cashbook is arithmetically correct.</li> <li>• A sample audit trail was carried out. Cheques, minutes and bank statements matched.</li> </ul> <p><b>Recommendations: Nil</b></p>
<p>2. a) <i>Standing orders and financial regulations adopted &amp; applied;</i>  b) <i>Payment controls</i></p>	<ul style="list-style-type: none"> <li>• The Council has formally adopted Standing Orders and Financial Regulations. Reviewed May 2015.</li> <li>• The Council has appointed the Parish Clerk as Responsible Financial Officer (RFO).</li> <li>• Payments are supported by invoices.</li> <li>• VAT on payments has been identified and reclaimed but was not received until 1 April 2015.</li> <li>• No payments were made using Sec.137 legislation.</li> </ul> <p><b>Recommendations:</b> Standing Orders and Financial Regulations should be reviewed annually and should be available to the public on the Parish Council’s website.</p> <p>It may be possible to reclaim VAT earlier or on a six monthly basis.</p>
<p>3. <i>Risk management arrangements</i></p>	<ul style="list-style-type: none"> <li>• No unusual financial activity has been identified.</li> <li>• The Parish Council reviewed their Risk Assessment Schedule in April 2016.</li> <li>• Insurance cover is appropriate and adequate.</li> </ul> <p><b>Recommendations: Nil</b></p>

<p>4. <i>Budgetary controls</i></p>	<ul style="list-style-type: none"> <li>• The precept and budget setting took place at the meeting 12 January 2015 (Item 14). The budget and the precept were agreed by the Council.</li> </ul> <p><b>Recommendations: Nil</b></p>
<p>5. <i>Income controls</i></p>	<ul style="list-style-type: none"> <li>• Income was properly recorded and promptly banked</li> <li>• The precept recorded agrees with the Council Tax Authority's notification</li> <li>• Cash payments have been recorded and promptly banked.</li> </ul> <p><b>Recommendations: Nil</b></p>
<p>6. <i>Petty cash procedures</i></p>	<ul style="list-style-type: none"> <li>• The Council does not operate a petty cash system. Stationery supplies are purchased by the Clerk. Receipts are presented and the clerk is reimbursed by cheque. This seems a safe and appropriate way of managing such purchases.</li> <li>• All expenditure is reported at each council meeting.</li> </ul> <p><b>Recommendations: Nil</b></p>
<p>7. <i>Payroll controls</i></p>	<ul style="list-style-type: none"> <li>• The only employee is the Parish Clerk, who has a contract of employment.</li> <li>• The salary paid agrees with that approved by the council. PAYE has been properly operated by the council as an employer. Payroll taxes are paid to HMRC using the Basic PAYE tools from HMRC.</li> </ul> <p><b>Recommendations: Nil</b></p>
<p>8. <i>Assets controls</i></p>	<ul style="list-style-type: none"> <li>• There is an up to date Register of Assets together with valuation of those assets.</li> <li>• The Clerk has explained the different valuations on the asset register and the insurance valuation. (Asset Register is 'at time of purchase' valuation).</li> </ul> <p><b>Recommendations:</b> Undertake a formal review of replacement cost of assets.</p>
<p>9. <i>Bank Reconciliation</i></p>	<ul style="list-style-type: none"> <li>• There are two bank accounts held by the Council. These are fully reconciled annually and also reconciled regularly and signed off by councillors.</li> <li>• There are no unexplained balancing entries in the reconciliation.</li> </ul> <p><b>Recommendations: Nil</b></p>

<p>10. Year-end procedures</p>	<ul style="list-style-type: none"> <li>• The year-end accounts are prepared on the basis of Receipts &amp; Payments.</li> <li>• Accounts agree with the financial records.</li> </ul> <p><b>Recommendations: Nil</b></p>
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**Conclusion**

The Clerk has presented clear and accurate and financial statements which has made the audit a very straight forward undertaking. Where I have commented on future actions, these are for Tredington Parish Council to consider whether they will assist in the financial and other management of the Parish Council.

It will be noted that in Section 4 of the Annual Return the internal auditor has marked items F and K as Not Covered, and Not Applicable. This does not imply that there is anything untoward regarding the Parish Council accounts, rather this is a response required by the external auditor and in the case of Tredington Parish Council it means that there is no petty cash or trust funds

Signed..... K M Lloyd .....Date.....May 2016.....

K M Lloyd.