

# Aldborough & Thurgarton Parish Council

## Internal Audit Report - 1<sup>st</sup> April 2015 - 31 March 2016

In conducting my review I have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts. I have employed a combination of selective sampling techniques (where appropriate) and detailed checks on a number of key areas in order to gain sufficient assurance that the Council's financial and regulatory systems and controls are appropriate and fit for the purposes intended.

On the basis of my detailed work during my review I have signed off the Internal Audit Certificate of the Annual Return assigning positive assurances in each area.

### Detailed Report

#### Review of Accounting Arrangements

The objective in this area is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers.

- The Clerk records financial transactions using the Excel software, with a single receipts and payments account effectively recording detail of all bank transactions and ensures that an appropriate cost structure is in place
- I have checked and agreed a sample of receipt and payment transactions in the active current account from the cashbook records to relevant bank statements for the financial year, checked detail on the final bank reconciliation as at 31<sup>st</sup> March 2016 on the accounts and verified the accurate disclosure of year-end balances for inclusion on the Annual Return.

#### Review of Corporate Governance

The objective is to ensure that the Council has robust corporate governance documentation in place, that its meetings are conducted in accordance with the adopted Standing Orders (Sept 2014) and Financial Regulations (March 2016) and that no actions of a potentially unlawful nature have been or are being considered for implementation. The following work has been carried out in this area: -

- Minutes of the Council for the financial year 2015-16 have been examined to identify whether or not any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability. No such issues were identified.

#### Recommendation

*It is recommended that the Council:*

- ✓ *Approves and adopts a Complaints Policy.*

#### Review of Expenditure

The aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets
- Payments are supported by documentation, either in the form of an original trade invoice or other appropriate format confirming the payment as due and/or an acknowledgement of receipt
- The correct expense column have been applied to invoices when processed, and
- VAT has been appropriately identified for recovery after the end of the financial year, also ensuring that Returns for the year have been submitted in a timely manner.

A sample of payments processed in the financial year has been examined and I am pleased to record that all the above criteria have been met. Details of the year-end VAT reclaim have been checked to the supporting documentation and there are no issues arising.

#### Recommendation

*It is recommended that the Council:*

- ✓ *Approves periodic bank reconciliations, that these and the corresponding original bank statements are signed and dated by the chairman at the meeting and that the balance is noted in the minutes*

### **Assessment and Management of Risk**

The aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks identified.

### **Recommendation**

*It is recommended that the Council:*

- *Reviews and updates its Financial Risk Assessment and Management Policy*

### **Budgetary Control and Reserves**

This area aims to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on the District Council, that effective arrangements are in place to monitor budgetary performance during the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

### **Review of Income**

From examination of minutes it is noted precept was received as demanded, VAT returns were submitted annually following the end of the financial year and fees for the Charter Fair were received and banked promptly.

### **Salaries and Wages**

In examining the Council's payroll function, it is aimed to confirm that legislation is being appropriately observed as required by HM Revenue and Customs (HMRC) with regard to the deduction and payment of income tax and NI contributions.

To meet this objective, the Council had reviewed and approved the Clerk's pay rate for the financial year and a formal PAYE scheme has been properly established with HMRC.

### **Asset Registers**

The 1996 Accounts and Audit Regulations (as amended periodically) require all councils to maintain a register of all assets it owns.

### **Recommendation**

*It is recommended that the Council:*

- ✓ *Carries out a physical examination and verification of Council's assets and updates the Asset Register as is scheduled by the Clerk for implementation in 2016*

### **Statement of Accounts and Annual Return**

The Annual Return forms the Council's statutory Statement of Accounts subject to external audit examination and certification. The objective here is to ensure the accuracy of disclosure of information in the Annual Return at Sections 1 & 2 and that it is consistent with the detail contained within the Council's financial and other supporting records.

R Calvert  
9 May 2016