

MAISEMORE PARISH COUNCIL

Independent Internal Audit Report 2014/2015

The Audit was carried out on the 28th May 2015. This report is arranged to cover the headings in the Internal Audit section of the Annual Return. I have examined the Council's records in the areas below and made enquiries as deemed appropriate. In my opinion, the Council's systems of internal control are adequate for the purposes intended. Any recommendations are included in the body of the report and summarised at the end.

References used in the report:

- JPAG Joint Practitioners' Advisory Group
Governance and Accountability for Local Councils – A Practitioners' Guide March 2014
- NALC National Association of Local Councils
Model Financial Regulations April 2014

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Independent Internal Auditor
29th May 2015

1 Proper Bookkeeping

The Council has very few transactions in a financial year. A spreadsheet is kept to provide appropriate analysis.

Reconciliations of bank statements to cash book controls are regularly carried out.

2 Financial Regulations/Payment Controls

The Council's Standing Orders and Financial Regulations are based on the NALC models. It is noted that these were due for review at the May 2015 meeting.

A list of payments is presented to Council for approval and this approval minuted. I carried out a random check of payments; all were backed up by invoices and could be followed through to the bank statements

VAT was separately identified and accounted for.

Donations made were well within Section 137 limits.

There was no item of expenditure above the level defined in the Financial Regulations where quotes/tenders have to be obtained, although minutes show that, where possible, Council attempts to obtain quotes for items below these levels.

3 Risk Management Arrangements

No unusual financial activity was identified in the minutes.

The Council's insurance renewal was approved at the May meeting. The schedule shows cover for a comprehensive range of risks. The Council has a Risk Assessment document, dated 2013 which was due to be reviewed at the May 2015 meeting.

It is recommended that a member carries out internal controls checks and that these checks are documented. The Good Councillor Guide states the need for these internal checks.

4 Budgetary Controls

Minutes show that the Council has produced an annual budget in support of its precept for the coming year (agreed at the January meeting). A report of expenditure against budget is reported regularly to Council, an important part of financial control.

5 Income

The only income received during the year was the precept from the district council, which agreed with the precept notification, a small council tax support grant and an insurance claim. It is recommended that documentation for income received is also filed as with expenditure invoices.

6 Petty Cash

The Council does not operate a Petty Cash system. Any expenses are claimed and included on the payments schedule.

7 Payroll Controls

The Clerk has a contract of employment.

Salary and expenses are paid in accordance with Council approval and are included in the schedule of payments presented at Council meetings.

Net pay to the previous clerk was paid by standing order. As the standing order was not cancelled in time, the March salary was paid in error. Refund of this payment needs to be pursued.

The Council has moved to PATA to process pay in the new financial year. This should provide better documentation in this area.

Salary payment is another area often covered by an internal controls check list. Some insurance policies require quarterly checks as a condition of cover.

8 Asset Controls

The Council owns few assets.

JPAG 3.73 gives a list of what is considered to be key information for an asset register including cost on acquisition. Accounting for assets etc is described in detail in JPAG 3.69 and 3.74 onwards. It is appreciated that the value of assets at present is low, but this document could prove useful.

9 Bank Reconciliation

Bank Reconciliations were regularly carried out and presented to Council. Both JPAG and NALC recommend that the Chairman/internal controls member signs both the reconciliation and bank statement as evidence of verification. This is a requirement of some insurance companies re Fidelity Guarantee cover.

The year end reconciliation is included as part of the year end accounts. I could find no unexplained balancing entries on the reconciliations.

10 Year End Procedures

The accounts were prepared on a Receipts and Payments basis. An audit trail could be followed on all areas examined.

Other areas covered at audit

Code of Conduct etc

The Council has a code of Conduct.

Minutes show that members regularly state Declarations of Interest at meetings.

Transparency Code for Smaller Authorities

Details of what should be published and how are given in the Department for Communities and Local Government document (title as above). There is 'new burdens' funding available for smaller authorities to assist compliance with the code.

Summary of Recommendations

- 1 Document Internal Financial Controls and periodically review.
- 2 Chairman/internal controls member to sign bank reconciliations and bank statements
- 3 Review procedures in relation to insurance cover to ensure compliance with any conditions
- 4 Back up documentation needed for income