

MAISEMORE PARISH COUNCIL

Independent Internal Audit Report 2015/2016

The Audit was carried out on the 15th April 2016. The approach to the audit is based on the guidance detailed in the JPAG publication (see reference below). 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
18th April 2016

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

At their September 2015 meeting, members agreed that the NALC model Standing Orders and Financial Regulations should be used, customised for Maisemore Parish Council.

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 indentified in the minutes.

The Council's insurance renewal was approved at the May meeting. The schedule shows cover for a wide range of risks. A new detailed Risk Assessment document was agreed and adopted at the September 2015 meeting.

It is recommended that a member carries out internal controls checks and that these checks are documented.

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.

The level of reserves at end of year is fairly low, but the GCC contribution for the speed camera has not yet been received.

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 a salary refund from the previous clerk. VAT for 2014/15 was not claimed until 31st March 2016, so the income should be received in April and will show in the accounts for 2016/17.

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.

PATA is used to process pay and to carry out the payroll year end procedures. Salary and expenses are paid in accordance with Council approval and are included in the schedule of payments presented at Council meetings. A sample check showed deductions have been processed correctly.

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. The insurance cover appears to be adequate.

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. The reconciliation statements are signed at the Council meetings as recommended in both JPAG and NALC documents.

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

The Council has successfully applied for a grant which is due to be paid early in 2016/17.

Summary of Recommendations

- 1 Document Internal Financial Controls and periodically review.
- 2 Review procedures in relation to insurance cover to ensure compliance with any conditions