

NORTH STAINLEY WITH SLENGFORD PARISH COUNCIL

Internal Audit Report 2017/18

Faye Hazlehurst
Community Accountant



The Spectrum, Coke Hill, Rotherham, S60 2HX
Tel: 01709 829821 Fax: 01709 829822
Email: admin@varotherham.org.uk Web: www.varotherham.org.uk

Background and Scope

The Accounts and Audit Arrangements introduced with effect from 1st April 2015 require all Town and Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council complied with the requirements in the terms of independence from the Council decision making process appointing Voluntary Action Rotherham to provide an internal audit function to the Council; this report sets out those areas examined during the course of our investigation of the Council's Accounts and Accounting processes for 1st April 2016 to 31st March 2017.

Internal Audit Approach

The audit has been conducted in accordance with the direction of the Council set out in the approved minutes of the Council meeting held in June 2017. The audit is not designed to identify all significant weaknesses in the Council's systems but, if such weaknesses come to our notice during the course of our examination, which we think should be brought to your attention; we shall report them to you.

The responsibility for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the Council. The audit should not be relied upon to disclose all material misstatements or frauds, errors or instances of non-compliance as may exist.

In accordance with guidelines set out by the Governance and Accountability for Local Councils – practitioners' guide, our work plan consisted of an investigation to review whether the systems of financial and other controls over the Council's activities and operating procedures are effective. Areas covered by the testing included;

- Bookkeeping
- Adoption and application of standing orders and financial regulations
- Payment control
- Risk management arrangements
- Budgetary controls
- Income controls
- Petty cash procedures
- Payroll control
- Asset control
- Bank reconciliation
- Year-end procedures

Overall Conclusion

I am pleased to conclude and report that the Clerk has maintained a good standard of record keeping that has simplified the audit process. All receipts and payments were evidenced by appropriate documentation. Some un-spent grant income was incorrectly deferred into the following financial year, this has been amended. I have confidence that the figures lifted into the Statement of Accounts for the financial year ended 31st March 2018 are accurate.

Detailed Report

Bookkeeping

The excel cashbook is regularly maintained and kept up-to-date. The cashbook is arithmetically correct. It is reconciled upon receipt of the bank statement.

Standing orders and financial regulations

The model financial regulations were amended, reviewed and adopted on 13 June 2017. The standing orders were formally adopted in March 2015, these were reviewed and adopted without changes on 9 May 2017.

Transparency code for smaller councils

The council does not yet fully comply with the Transparency code, part of the compliance is to display a range of information on the Parish Council website. The information that should be published consists of: all items of expenditure above £100, end of year accounts, annual governance statement, internal audit report, details of public land and building assets. There is still some information that is yet to be publicised.

Payment control

All payments are authorised and approved at monthly Council meetings. They are recorded on the computerised cashbook system where they are analysed into account headings based on the nature of expenditure.

During the period of this report there was £110 of S.137 expenditure, this is within the limit.

Value Added Tax (VAT) is clearly and separately identified in a column in the cashbook. VAT is reclaimed from Her Majesty's Revenue and Customs (HMRC) at least once a year. HMRC send payments for reclaimed VAT via BACS, a notification statement is sent via the post.

Risk management arrangements

All financial activities are approved at monthly Council meetings where they are minuted. Each page is initialled, identified and signed overall. A review of the financial controls and systems are carried out annually by the Council in the form of a Risk Assessment, amendments and recommendations are presented at Council meetings for discussion. The last review was carried out on 13 June 2017.

An annual independent review of financial controls and systems is carried out in the form of an Independent Internal Audit. Checks are also carried out by Councillors.

The Council have entered into a three year long term agreement with Hiscox Insurance via Came & Co. The policy is reviewed on an annual basis, and was last reviewed May 2017. All items on the asset register are covered.

Budgetary controls

The Council set their budget on an annual basis in preparation for applying for the precept, it was set and approved on 14 November 2017. Actual income and expenditure is monitored against budgeted income and expenditure quarterly using the management reports produced by the Clerk. Any variance is explained and minuted at Council meetings.

Income control

Income received is recorded in the computerised cashbook and is banked in the Santander/Unity Trust bank account.

Budgeted precept income is paid by Harrogate Borough Council via BACS in two instalments in the year, half in April and half in September, the amount includes a council tax grant of £228. The precept amount recorded in the cashbook agrees with the Council's notification.

Payroll controls

The RFO/Clerk is the only paid employee of the Council. A contract of employment is currently in place and has been signed by both parties. A job description clearly identifying the specific duties of the RFO/Clerk is incorporated within the contract. The salaries and other payments made to the RFO/Clerk are reasonable and have been approved by the Council.

Pay as You Earn and National insurance contributions are calculated by an outside payroll service. The RFO/Clerk pays the deductions calculated to the Inland Revenue on a quarterly basis.

Asset control

The Council maintains an Asset Register of all material assets owned or in its care. This is kept up-to-date and is reviewed annually, last reviewed on 9 May 2017.

Bank reconciliations

There is a consolidated bank reconciliation for both accounts, these are carried out upon receipt of the statements on a monthly basis, the reconciliations can only be carried out once the statements have arrived. I have evidenced the final bank reconciliation for the year end and there are no unexplained balancing entries.

Year-end procedures

Accounts are prepared on a receipts and payments basis. Some unspent grant income was deferred into the next financial instead of being analysed as a reserve fund. This has been corrected. The accounts agree to the cashbook totals, there is an audit trail from underlying financial records to the accounts. The Parish Council has no investments or outstanding leases or loans. There are no tenancies in operation.