

**INTERNAL AUDIT REPORT
2016/2017 - ANNUAL RETURN
WHEATLEY HILL PARISH COUNCIL**

1. Background

1.1. Local Councils in England (Parish Councils, Town councils) are expected to complete an annual return summarising their annual activities at the completion of each financial year. It is the responsibility of the Members to ensure that financial management is adequate and effective and that the Council has a sound system of internal controls.

1.2. One of the sections within the annual return (section 4) is to be completed by the Parish Council's independent internal auditor, who gives an opinion of the Parish Council's internal controls.

2. Objectives of the Audit

2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined.

3.1. The Scope of Work covers the ten key controls identified in Section 4 of the annual return, only nine were examined, as Wheatley Hill Parish Council does not have any petty cash.

3.2. To complete the audit the following areas of activity were examined and tested by Internal Audit:

- Payroll
- Creditors (including postage book)
- Risk Management
- Income collection and Banking arrangements
- Accounting records,
- Assets
- Debtors
- Budgetary Control (including year-end procedures)

3.3. The findings of this report have been discussed with the Clerk and any audit recommendations have been agreed with her.

4. Findings

4.1. Payroll

4.1.1 The Parish Council has 3 employees who work standard hours and are paid in line with NJC

payscales, and 2 Councillors are paid an allowance.

- 4.1.2. In April 2013 HMRC introduced Real Time Information, payroll information is sent to HMRC throughout the year each time a payment is made to an employee rather than at the end of the financial year. All salaries are paid directly through the Parish Councils bank account. J.A.C.S. Accountancy provides the payroll service and invoices the Council each month.
- 4.1.3. All payroll information was checked for the year and was processed correctly and the amounts were found to be correctly paid.

4.2. Creditors

- 4.2.1. There is no separation of duties at Wheatley Hill Parish Council as the Clerk is the only Officer responsible for Finance and Administration. Compensating checks are carried out by the Members and Financial Regulations outline the system which is to be followed.
- 4.2.2. Cheques for payment are prepared by the Responsible Finance Officer (Clerk) and together with the relevant invoices are presented to the Council each month. The cheques are checked to the invoices and signed by the Clerk and 2 Members, who all sign the cheque stubs. A record of all cheque numbers and details of expenditure are shown in the Council's minutes.
- 4.2.3. The Internal Auditor checked all payments amounts and the associated records for the year and these were found to be properly recorded in the Receipts and Payments book.
- 4.2.4. All donations paid had been agreed by the Council prior to payment being made and were properly recorded as Section 137 payments in the Receipts and Payment book.
- 4.2.5. Although there is no petty cash held by the Council there are payments made to the Clerk and the Groundsman for any expenses when necessary and receipts are held for all expenditure.
- 4.2.6. All purchases and issues of stamps are recorded in a postage book and this was found to be properly recorded and the balance of stamps (0) in hand confirmed, at the time of the audit.
- 4.2.7. Quotes for contract renewals are submitted at the beginning of each financial year and agreed by Members, and recorded in the minutes.

4.3. Governance Arrangments

- 4.3.1. The Council has adopted the Risk Management Code of Corporate Governance, which details

a framework on how the Council takes decisions, controls its functions and achieves its objectives. The Risk Management Policy and Strategy was last reviewed and approved at the Council Meeting on 11 April 2016, along with a review of Financial Regulations and Standing Orders and other Council procedures and policies.

4.3.2. The Clerk places risk management on the Council's agenda every month.

4.3.3 The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to the accounts. This review has not been carried out.

4.3.4. There appears to be adequate insurance cover for all assets of the Council.

4.4. Income collection and Banking arrangements

4.4.1. All Income received is banked through a paying in book and is given a receipt number, which is recorded in the Receipts and Payments Book.

4.4.2. All income can be traced to either the duplicate cemetery receipt book or a duplicate Parish Council receipt book.

4.4.3. I examined all the income records for the year and confirmed that all income had been received, promptly banked, and properly recorded in the Receipts and Payments book.

4.4.4. VAT is recorded in the cash book and claimed annually. VAT refund for 2015/16 was received on 25 April 2016 and found to be correct, no refund has yet been received for 2016/2017.

4.4.5. There is 3 bank accounts held by the Council:

- **Instant Access Account** - This account is used to hold monies belonging to the Parish Council to obtain a high interest rate, and also to transfer amounts to and from the current account.
- **14 Day Account** - used to obtain a high interest rate on the monies held.
- **Current account** - Used for paying all expenditure and paying in income.

4.4.5. I reconciled the bank statements at the end of the year to the Receipts and Payments book closing balances as at 31 March 2017.

4.4.6. Cemetery, allotment and stable block fees for 2016/2017 were reviewed as part of the budget process on 12 September 2016 and no increase was agreed.

4.5. Accounting Records

4.5.1. All Receipts and Payments were properly recorded and the Clerk carries out regular bank reconciliations, which are submitted to Members monthly, with bank statements examined by the Members.

4.6. Security/Assets

4.6.1. The register of assets is reviewed every year by the Clerk with the Head Groundsman and is considered as part of the statement of accounts at the annual assembly of electors, and is recorded in the minutes.

4.7. Debtors

4.7.1. There are no accounts raised for debts as Debtors either pay by cash or a cheque is received for work/service carried out.

4.8. Budgetary Control

4.8.1. The precept was agreed by a Parish Council on 9 January 2017. The budget for the year 2017/2018 was also agreed. The annual budget was prepared to support the precept.

4.8.2. At every Council meeting, Members are provided with a report of the receipts and payments which also details the financial position in comparison to the budget.

5. Conclusions

5.1. All of the key controls contained within section 4 of the annual return were examined and these were found to be working satisfactory.

5.2. A review of the effectiveness of internal controls has not been carried out.

6. Recommendations

6.1. That a report showing a review of the Councils Internal Controls be completed to support the Annual Governance Statement.



Gordon Fletcher (C.M.I.I.A.)

Internal Auditor

Date: 2 May 2017