

HARTPURY PARISH COUNCIL

Independent Internal Audit Report 2016/2017

The Audit was carried out on the 21st April 2017. The approach to the audit is based on the guidance detailed in the JPAG guide (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 and 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:

- 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
- JPAG16 Joint Practitioners' Advisory Group
Governance and Accountability for Smaller Authorities In England – A Practitioners Guide to Proper Practices To be applied in the preparation of statutory annual accounts and governance statements March 2016 & June 2016

Peter Newman
Independent Internal Auditor
21st April 2017

1 Proper Bookkeeping

A spreadsheet is used for accounting purposes. Reconciliations of bank statements to cash book controls are regularly carried out.

The spreadsheet is arranged to give an analysis of the various heads of expenditure. A random sample of entries was checked, all items agreed with supporting vouchers and were correctly allocated.

2 Financial Regulations/Payment Controls

Standing Orders and Financial Regulations were reviewed and accepted unaltered at the Annual Council Meeting in May 2016.

A list of payments, which includes the Council's power to spend against each item, is presented to Council for approval and this approval minuted. I carried out a random check of payments; all were backed up by invoices, were signed by two councillors and could be followed through to the bank statements.

All of the VAT items checked had been recorded.

Section 137 expenditure was separately identified and was well within statutory limits.

3 Risk Management Arrangements

No unusual financial activity was identified in the minutes.

The Council's insurance covers many of the risks likely to be met, while some risk areas are reviewed as part of normal procedures. The Council renewed its insurance in September 2016 on a three year plan.

The Council's Risk Management Strategy was reviewed and agreed at the March 2017 meeting. I could see that the quarterly financial checks stated in the document are being carried out.

4 Budgetary Controls

The budget for the coming year was properly considered. A proposed budget was reviewed and the budget and precept agreed at the November 2016 meeting.

Members receive regular reports of Expenditure to date for monitoring against budget.

5 Income

The Council received all expected income for the year.

The recorded precept received from the District Council agreed with the precept notification.

6 Petty Cash

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

7 Payroll Controls

The Clerk has a contracts of employment based on the NALC model.

A sample check showed PAYE deductions have been processed correctly and that other expenses were accurate and properly approved.

8 Asset Controls

The inventory was accepted at the May 2016 meeting.

The list gives replacement values and I did a random check of insurance cover of assets and these were adequate. The asset list now also shows original/proxy costs.

JPAG16 guidance (section 5) issued in June 2016, deals with assets in some detail. Paragraphs 5.59 and 5.60 refer to gifts, where a nominal £1 cost value should be used on the register and that the same treatment should be given to 'community assets' that do not have a functional purpose or any intrinsic resale value, The guide gives village pond or war memorial as examples of community assets.

9 Bank Reconciliation

Bank Reconciliations are carried out regularly. The reconciliation is presented to Council and signed, as recommended in both JPAG and NALC documents as evidence of verification.

I could see no unexplained balancing entries on any of 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

Codes of Conduct etc

Members sign up to the Council's Code of Conduct on Acceptance of Office and thereafter when changes are made to the codes.

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

Internal & External Audit Reports

Both reports were considered at council meetings and action agreed on recommendations/observations.

Summary of Recommendations

- 1 Review valuation of assets for annual return with reference to JPAG June 2016 guidance