

HAPTON PARISH COUNCIL

Internal Audit Report for the year ended 31 March 2017

I have completed the internal audit of the Council's records for the financial year ending 31 March 2017 and my findings are reported below.

PREVIOUS AUDITS

External Audit 2015/16:

A copy of the external audit was provided; three issues were raised - the inspection period, internal auditor's recommendations and minor issues.

Internal Audit 2015/16:

I have been provided with a copy of the internal audit.

INTERNAL AUDIT 2016/17

Annual Return/Annual Statement of Accounts:

Sections 1 and 2 of the Annual Return have been completed, minuted and signed by the Chair and the Clerk.

The Annual Statement of Accounts have been prepared in a correct, concise and clear manner and signed by the chair. The Clerk has not yet signed them.

Standing Orders/Financial Regulations

I was unable to confirm if the Council's Standing Orders were reviewed during 2016/17. These are required by law and should be periodically reviewed. The Council should ensure their current Standing Orders reflect changes in legislation, such as public recording of meetings without permission and dispensation of councillors to allow participation in meetings. Model Standing Orders can be provided.

I was unable to confirm if the Council's Financial Regulations were reviewed during 2016/17. These are required by law and should be periodically reviewed for either changes in legislation or internal control procedures¹.

Risk Management, Insurance and Asset Register:

A risk assessment for 2016/17 was not evident. The Council needs proof it has considered its risks and has identified ways of limiting them².

Internal controls should be established. Whilst the Clerk/RFO looks after the finances, it is the Council's role to make sure this is being done correctly, as such there should be checks throughout the year (e.g. quarterly), before Internal Audit to ensure payments are authorised, match invoices and are mentioned in the minutes. The results of these checks should be minuted.

The Parish Council's insurance cover is currently provided by Zurich Insurance. The level of cover should be reviewed in line with the Audit Commission's guidelines.

The Council keeps an up-to-date list of assets; and the value has been correctly recorded in section 1 of the Annual Return.

Bookkeeping and Budgetary Control:

The Clerk keeps a record of transactions and the paperwork is kept in good order. Bank reconciliations are carried out on a regular basis, submitted to Council meetings and filed accordingly. A regular report of the accounts is provided to meetings and account balances minuted. Financial reports are also displayed on the Council website.

The bank statements as at 31 March 2017 agree with the Council's end of year accounts.

From the minutes I could find no evidence the Council approved its budget for the following year at its December or January meeting. Regular budget monitoring reports are submitted to Council meetings, but the minutes do not record members have identified and discussed any variations and/or transfers between budget heads.

The meeting of the Council in January 2016 approved an increase of the precept from £8,000 to £9,000 (minute no. 15/16/116).

There is no petty cash.

Payments, Payroll and VAT:

I sampled the following cheques from the Council's expenses account³:

100511 Ian Stirzaker
100518 Greenwoods
100525 Ignition Pub

All items were supported by receipts/invoices, cheque stubs were initialled by three signatories, authorised by the Council and minuted, with the exception of item 100525, which was not recorded in the minutes.

The Clerk's salary is paid in accordance with Council approval and are included in the schedule of payments presented at meetings. However, I was unable to confirm if PAYE, National Insurance and pension deductions are processed correctly, including employer's contributions⁴.

A VAT reclaim has been submitted to HMRC for £1,815.47.

Council Agendas and Minutes:

Minutes are of a good standard. All items discussed have a separate minute number and are signed by the chair following approval. All agendas and minutes are published on the Council's website.

Members and Council Website

As part of my audit I reviewed the content of the Council's website, which is increasingly becoming more important as a method of communication with local residents as well as being part of the statutory requirement for the publication of Councillors' register of interests.

The Council has its own website, which is managed by the Clerk. On inspection I was able to view agendas, minutes and accounts, along with information on allotments and planning applications. Members' register of interests could be also viewed, but require updating. I could not find any policies or procedures of the Council. It is 'best practice' to have information about the running of the Council such as the Council's Standing Orders and copies of the Annual Return.

Notes

1. Standing Orders and Financial Regulations are in place but were not reviewed during 2016/17.
2. A risk assessment is in place but was not reviewed during 2016/17.
3. The Clerk confirmed there are three signatories required for payment.
4. The Clerk advised that only £12.00 tax and no National Insurance contributions were made during 2016/17 due to the personal allowance threshold.