

**TOLLESHUNT KNIGHTS  
PARISH COUNCIL**

**REPORT ON  
INTERNAL AUDIT FOR 2016/17**

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**Internal Auditor**

**May 2017**

## INTRODUCTION

I have now carried out an internal audit of the Parish Council's financial affairs for 2016/17 from the records and documents provided. The requirements of Section 4 of the Annual Return, together with the proper practices set out in the 'Governance and Accountability of Local Councils a Practitioner's Guide' were used as the basis of my review.

I would like to thank Miss Vysian Banyard, Clerk and Responsible Financial Officer to the Council, for her assistance and the clear way in which documents were provided. She is to be congratulated for being the first to present her accounts to me for the third year running.

## FINDINGS

From the work carried out there are a number of findings that should be considered by the Council. The most significant are highlighted below with more details in the Appendix.

1. A spreadsheet was maintained through the year as a record of the financial transactions of the Council. A financial statement and bank reconciliation are presented to the Council at its monthly meetings. Year end accounts have been prepared on a receipts and payments basis which is appropriate for a council of this size. They agreed with the cash book and the audit trail was adequate.
2. Standing Orders and Financial Regulations based on the NALC model were approved by the Council at their meeting in May 2016.
3. A detailed assessment of significant risks and mitigation controls was agreed by the Council in March 2017.
4. The Clerk's salary was not increased in line with the nationally agreed pay award announced in May 2016. This resulted in an underpayment of £27 over the year. No allowances were paid to members.
5. The register of community assets has been updated for new equipment purchased in the year. Since the change to the valuation basis as original purchase cost, any items where this is unknown have not been assigned any value. The register does not include the dates of purchase.
6. A Working Party was formed to discuss the budget and precept for 2017/18 in detail. This included a comparison of expected outturn against the budget for 2016/17. The full Council ratified their decisions and agreed the precept figure at its meeting in December.

## RECOMMENDATIONS

With reference to the above findings I recommend that the Council agree actions to address the following issues:-

1. The nationally agreed pay awards due to the Clerk from April 2016 and April 2017 should be implemented.
2. A nominal value should be assigned to those historic assets where the original purchase cost is unknown and the history of date of purchase of items on the asset register should be built up in the future.

## OPINION

The financial processes of the Council are well managed by the Responsible Finance Officer. She is to be congratulated in particular for the prompt completion of the end of year procedures and her monthly reports to Council meetings. The Council should now work with her to address the issues raised in this report.

*N Powell Davies*

N Powell Davies, BSc, ACMA, CGMA

5<sup>th</sup> May 2017

## TOLLESHUNT KNIGHTS PARISH COUNCIL – DETAILED FINDINGS 2016/17

Expectation	Findings	Recommendations
A Appropriate accounting records have been kept properly throughout the year.	<ul style="list-style-type: none"> <li>• A spreadsheet is maintained as a record of transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
B The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<ul style="list-style-type: none"> <li>• Standing Orders and Financial Regulations based on the NALC model were approved by the Council at their meeting in May 2016.</li> <li>• Invoices to support payments were available. Expenditure was approved by the Council.</li> <li>• VAT was appropriately accounted for and an accurate claim for repayment made to HMRC.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<ul style="list-style-type: none"> <li>• A detailed assessment of significant risks and mitigation controls was agreed by the Council in March 2017.</li> <li>• The Council has a three year agreement with their insurers.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>

Expectation	Findings	Recommendations
<p>D The annual precept requirement resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves were appropriate.</p>	<ul style="list-style-type: none"> <li>• A Working Party was formed to discuss the budget and precept for 2017/18 in detail. This included a comparison of expected spend for the year against the budget for 2016/17. The full Council ratified their decisions and agreed the precept required at its meeting in December.</li> <li>• The Council's reserves at roughly 120% of precept remain appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
<p>E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	<ul style="list-style-type: none"> <li>• All income was treated appropriately and no VAT is chargeable thereon.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
<p>F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</p>	<ul style="list-style-type: none"> <li>• Minor expenses are initially met by the Clerk and claimed monthly. They were properly supported by receipts.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed that expectation met with.</li> </ul>
<p>G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.</p>	<ul style="list-style-type: none"> <li>• The Clerk's salary was not increased in line with the nationally agreed pay award announced in May 2016. This resulted in an underpayment of £27 over the year.</li> <li>• PAYE and NI requirements were properly applied.</li> <li>• No allowances were paid to members.</li> </ul>	<ul style="list-style-type: none"> <li>• The nationally agreed pay awards due from April 2016 and April 2017 should be implemented.</li> </ul>

Expectation	Findings	Recommendations
<p>H Asset and investments registers were complete and accurate and properly maintained.</p>	<ul style="list-style-type: none"> <li>The register of community assets has been updated for new equipment purchased in the year. Since the change to the valuation basis as original purchase cost, any items where this is unknown have not been assigned any value. The register does not include the dates of purchase.</li> </ul>	<ul style="list-style-type: none"> <li>A nominal value should be assigned to those historic assets where the original purchase cost is unknown and the history of date of purchase of items on the asset register should be built up in the future.</li> </ul>
<p>I Periodic and year end bank account reconciliations were properly carried out.</p>	<ul style="list-style-type: none"> <li>A bank reconciliation is presented to the Council each month.</li> </ul>	<ul style="list-style-type: none"> <li>Agreed that expectation met with.</li> </ul>
<p>J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book and were supported by an adequate audit trail from underlying records.</p>	<ul style="list-style-type: none"> <li>Year end accounts have been prepared on a receipts and payments basis which is appropriate for a council of this size. They agreed with the cash book and the audit trail was adequate.</li> </ul>	<ul style="list-style-type: none"> <li>Agreed that expectation met with.</li> </ul>