

ULLEY PARISH COUNCIL

Internal Audit Report 2016/17

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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 on 29 March 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 the Governance and Accountability for the carrying out of an Internal Audit', 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

The Parish Council made significant improvements over the last 12 months and a new Clerk was appointed in September 2016; the Police have finished their investigation into the fraudulent activity of the long standing clerk and this has resulted in a charge.

I am pleased to conclude and report that the Clerk has maintained a high standard of record keeping which has simplified the audit process. All receipts and payments were evidenced by appropriate documentation. I have confidence that the figures lifted into the

Statement of Accounts for the financial year ended 31st March 2017 are accurate.

Detailed Report

Bookkeeping

A computerised cashbook is 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 have been adopted and approved on 3 December 2015. The standing orders were formally adopted in March 2015, these were reviewed and amended in March 2017.

Transparency code for smaller councils

The council has worked hard to comply with the transparency code, all information is now published on the Parish Council website other than the Agendas. These are to be displayed and made available as soon.

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 no S137 expenditure.

Value Added Tax (VAT) is clearly identified and separately identified in a column in the cashbook. VAT is reclaimed from Her Majesty's Revenue and Customs (HMRC) manually at least annually. 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 in March 2017.

An annual independent review of financial controls and systems is carried out in the form of an independent Internal Audit.

The Council is insured by Zurich Insurance Ltd and includes cover of the Village Hall. The policy is reviewed on an annual basis, and was last reviewed May 2016.

Budgetary controls

The Council set their budget on an annual basis, November 2016. Actual income and expenditure is monitored against budgeted income

and expenditure monthly 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 Co-operative bank account.

Budgeted precept income is paid by Rotherham Metropolitan Borough Council via BACS in two instalments in the year, half in April and half in September. 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 the RFO/Clerk using basic PAYE tools. The RFO/Clerk pays the deductions calculated to the Inland Revenue on a monthly 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 in March 2017.

Bank reconciliations

Bank reconciliations are carried out upon receipt of the bank statements and consolidates all the Council's bank accounts. Bank statements are received on a monthly basis, reconciliations can only be carried out once these have arrived. I have evidenced the final bank reconciliation's for the year end and there are no unexplained balancing entries.

Year-end procedures

Accounts are prepared on a receipts and payments basis. 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.