

**INTERNAL AUDIT REPORT
2015/2016 - ANNUAL RETURN
SEATON and SLINGLEY 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 is to give 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 control tests identified in Section 4 of the annual return, only nine of these were examined, as the Parish Council does not have any petty cash.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by the Internal Auditor:
- 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 audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with her.

4. Findings

4.1. Payroll

- 4.1.1 The Parish Council has 1 employee who works agreed hours and is paid in line with NJC payscales.

- 4.1.2. From April 2013 HMRC introduced Real Time Information, where 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 who invoice the Council every 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 are no separation of duties at Seaton and Slingley Parish Council as the Parish Clerk is the only Officer responsible for Finance and Administration. Compensating checks are carried out by the Members and Financial Regulations outline the systems 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 Members each month to view and check. 2 Members sign the cheques at the Parish Meeting, and initial the cheque stubs. A record of all cheques 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. 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 in hand confirmed, at the time of the audit.

4.3. Risk Management/Governance arrangements

- 4.3.1. The Council has a Risk Management Policy and Risk Assessment document (approved 17th June 2015) and have approved several policies throughout the year, which are essential for good governance for the Council, and for effective internal controls.
- 4.3.2. 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 which is recorded in the Receipts

and Payments Book.

- 4.4.2. 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.
- 4.4.3. Vat is recorded in the Receipt and Payments cash book and is claimed annually. Vat refund had been received for 2014/2015 in April 2015, and was found to be correct, no refund has yet been received for 2015/2016.
- 4.4.4. There is 1 current bank account held by the Council although during the year money had been transferred into a Bond and then withdrawn into the current account. This gives the current account a large day to day balance which is not earning interest.
- 4.4.5. I agreed the reconciliation of the bank statement at the end of the year to the Receipts and Payments book as at 31st March 2016.

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.

4.6. Security/Assets

- 4.6.1. I understand that the Council does not own any assets.

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 discussed and agreed by a Parish Council Committee meeting on the 16th December 2015. The budget for the year 2016/2017 was also agreed. The annual budget was prepared to support the precept.
- 4.8.2. At every Council meeting, Members are provided with details of receipts and payments reports, and also details of the financial position in comparison to the budget.

5. Conclusions

- 5.1. The Clerk has identified improvements within the internal controls for the Council and the updated Financial Regulations and new policies and procedures will ensure that the Council

has good governance arrangements in place.

- 5.2. Of the key controls examined within section 4 of the annual return there was nothing which was considered to be of concern and were found to be working satisfactory.

6. Recommendations

- 6.1. There were no recommendations

A handwritten signature in black ink, appearing to read "G. Fletcher".

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

Internal Auditor

Date:1st May 2016