Wootton Parish Council Internal Audit 2014/15

I have carried out an Internal Audit of the Accounts of Wootton Parish Council in line with the attached schedule, and the requirements of the Audit Commission External Auditors. I have acted independently & on the basis of an assessment of risk, I have carried out a selective assessment of compliance with relevant procedures & controls. I have completed & signed section 4 of your Annual Return to the External Auditors, which details the audit I have completed as follows:

A – Appropriate books of account have been kept properly throughout the year.	Yes
B – The councils financial regulations have been met, payments were supported by invoices, all expenditure was approved & VAT was appropriately accounted for.	Yes
C – The Council assessed the significant risks to achieving its objectives & reviewed the adequacy of arrangements to manage these.	Yes
D – The Annual precept requirement resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves were appropriate.	Yes
E – Expected income was fully received, based on correct prices, properly recorded & promptly banked; & VAT was appropriately accounted for.	Yes
F – Petty cash payments were properly supported by receipts; all petty cash expenditure was approved & VAT accounted for.	n/a
G – Salaries to employees & allowances to members were paid in accordance with council approvals; and PAYE & NI requirements were properly applied.	Yes
H - Asset & Investment registers were complete & accurate & properly maintained.	Yes
I – Periodic & year end bank account reconciliations were properly carried out.	Yes
J – Accounting statements prepared during the year were prepared on the correct accounting basis (receipts & payments or income & expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, & where appropriate debtors & creditors were properly recorded.	Yes
K – Trust funds (including charitable). The council met its responsibilities as a trustee.	N/A

Advisory Notes

The following notes are for information only, & are intended to draw the Parish Councils attention to wider issues for consideration:

Local Accountability Act 2014

Legislation has recently come into force, which facilitates the closure of the Audit Commission. The Local Government Association has set up a new independent company will take over this role until at least 2017 & possibly until 2020.

Smaller Authorities (Transparency Requirements) (England) Regulations 2015/494

From 2017 Councils with a turnover of less than £25k will be exempt from External Audit. Instead, they will be subject to the terms of this new legislation, which is mandatory from 1/4/15, & includes requirements for publishing specific information on Parish Council websites including:

a) Details of transactions over £100
b) Full end of year accounts
c) Annual Governance Statement
d) Internal Audit Report
e) List of Councillor responsibilities
f) List of assets
g) Draft minutes of all meetings within one month of meeting
h) Meeting agendas & papers 3 days before meetings

It is recommended all affected Parish Councils act immediately to ensure compliance. In your case your turnover usually exceeds £25k & therefore it is not mandatory for you, as you will continue to be externally audited. You already comply with most of the requirements anyway, but may wish to consider extending the information you publish on your website to incorporate some/all of the above. I emphasise this is not compulsory if your turnover exceeds £25k. NALC has produced Legal Briefing number L05/14 to provide more information.

Gill Wiggs

Gill Wiggs

April 2015

Internal Audit will be carried out in line with The Audit Commissions requirements, as follows:

1. Year end summary of accounts to be checked to ensure accounts are appropriately prepared and presented, and that Section 1 of the External Audit Return is completed in line with the Auditors requirements.

2. Cashbook will be checked to ensure appropriate records have been kept.

3. Year End bank reconciliation will be checked to ensure final cashbook balance reconciles with year end bank statement balance, and any difference is accounted for.

4. A selective audit trail will be carried out on payments to ensure they are supported by invoices, expenditure is approved, and VAT is accounted for.

5. The level of risk management & internal controls will be assessed.

6. The budget process for setting the Precept will be assessed.

7. Reserve levels will be assessed in line with the External Auditors recommendations.

8. A selective audit trail will be carried out on income received to ensure it is properly recorded, priced and banked.

9. A selective audit trail of petty cash will be carried out to ensure it is supported by receipts, and that expenditure was approved and VAT accounted for.

10. A selective audit trail will be carried out on salaries to employees to ensure they are approved, and PAYE is in operation.

11. The Asset register will be checked to ensure it is up to date and regularly maintained.

    Plus, when turnover is less than £25k, in accordance with Smaller Authorities (Transparency Requirements) (England) Regulations 2015/494, the audit will include a check on the authorities website to ensure the following information is published:

a) Details of transactions over £100
b) Full end of year accounts
c) Annual Governance Statement
d) Internal Audit Report
e) List of Councillor responsibilities
f) List of assets
g) Draft minutes of all meetings within one month of meeting
h) Meeting agendas & papers 3 days before meetings

Documents required from Town/Parish Council to carry out Internal Audit

1. Annual Audit Return with sections 1 & 2 accurately completed in line with instructions provided, including:
   - an explanation of any difference between line 7 & line 8
   - Bank reconciliation that reconciles any difference between line 8 and year end bank balances (example can be obtained from http://www.bdo.co.uk/BDOSH/councils) user name – councils, password - extranet

2. Cashbook/Record of transactions (i.e. spreadsheet or similar)

3. Year end summary of accounts

4. Invoices paid throughout year

5. Bank statements from 1st April – 31st March, showing year end balances as at 31st March.

6. Cheque books/paying in books

7. If you use any other payment methods such as debit cards or on line banking, appropriate records should be provided.

8. VAT records

9. Budget for the financial year being audited

10. Insurance Policy and any other risk assessment records (example risk assessment schedule can be obtained from website above)

11. Minutes (or details of website where minutes can be viewed)

12. Details of Reserves held (ie: summary showing where money left at year end is allocated)

13. Petty Cash records if appropriate

14. Employee salary records including PAYE records. Ideally this should include P60 for the year in question if it has been produced at the time of audit.

15. Asset register

16. Financial Regulations