Annual Internal Audit Report 2017/18

WOOTTON PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			NA
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		

K. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			NA

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 21/5/18

Name of person who carried out the internal audit: GILL WIGGS

Signature of person who carried out the internal audit: G Swiggs

Date: 21/5/18

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Wootton Parish Council Internal Audit 2017/18

I have carried out an Internal Audit of the Accounts of the 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 your Annual Return, 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

Accounts & Audit Regulations 2015

These came into effect on 1/4/15 as follows:

- The Parish Council must have a sound system of internal control
- The Parish Council must conduct an annual review of the effectiveness of its internal control system. The findings of this review must be considered by the full Parish Council (not a committee).
- The Annual Governance Statement must be approved before the Annual Statement of Accounts
- The Statement of Accounts must be approved by the full Parish Council (not a committee).

I can confirm that I am satisfied the Parish Council complies with this legislation.

NALC Model Standing Orders

These have recently been revised. I recommend the Parish Council considers adopting these. The revisions include Transparency requirements under new legislation, revised public contracts legislation for contracts in excess of £25k, & GDPR legislation. Please note WPC adopted the same at its ACM on 9th May 2018 (ACM18/010).

Gill Wiggs

Gill Wiggs, May 2018

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 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.

12. 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 authority's website to ensure the following information is published:

    The following must be published annually, by no later than 1 July each year:
    a) all items of expenditure above £100;
    b) end of year accounts, annual governance statement, and internal audit report (as contained in the annual return), with the statement of accounts, accompanied by: a copy of the bank reconciliation for the relevant financial year; an explanation of any significant variances (e.g. more than 15%/£200) in the statement of accounts for the relevant year and previous year; and an explanation of any differences between 'balances carried forward' and 'total cash and short term investments', if applicable.
    c) a list of councillor or member responsibilities; and
    d) details of public land and building assets owned by the smaller authority (except internal drainage boards and charter trustees).

    The following should be published more frequently than once annually, on the specified occasions:
    a) draft minutes from all formal meetings (i.e. full council or board, committee and subcommittee meetings) not later than one month after the meeting has taken place, and;
    b) meeting agendas and background papers, no later than three clear days before the meeting is taking place.

Documents required from Parish Council to carry out Internal Audit

1. Annual Audit Return 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

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 & other risk management documents.
11. Evidence that the Parish Council has a whole has annually reviewed the effectiveness of internal controls.
12. Minutes (or details of website where minutes can be viewed)
13. Details of Reserves held (i.e. summary showing where money left at year end is allocated or earmarked)
14. Petty Cash records if appropriate
15. 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.
16. Asset register
17. Financial Regulations
18. Details of website where requirements of Transparency Act can be found (if turnover less than £25k)