

# **CORSE PARISH COUNCIL**

## **Independent Internal Audit Report 2016/2017**

The Audit was carried out on the 19<sup>th</sup> April 2017. The approach to the audit is based on the guidance detailed in the JPAG guide (see reference below). This report is arranged to cover the headings in the Internal Audit section of the Annual Return. I have examined the Council's records in the areas below and made enquiries as deemed appropriate and in my opinion the Council's systems of internal control are adequate for the purposes intended. Any recommendations are included in the body of the report and summarised at the end.

### References:

- JPAG            Joint Practitioners' Advisory Group  
*Governance and Accountability for Local Councils – A Practitioners' Guide March 2014 &*
- NALC            National Association of Local Councils  
*Model Financial Regulations April 2014*
- JPAG16        Joint Practitioners' Advisory Group  
*Governance and Accountability for Smaller Authorities In England – A Practitioners Guide to Proper Practices To be applied in the preparation of statutory annual accounts and governance statements March 2016 & June 2016*

Peter Newman  
Independent Internal Auditor  
21st April 2017

## **1 Proper Bookkeeping**

A spreadsheet is used for accounting purposes. Reconciliations of bank statements to cash book controls are regularly carried out.

The spreadsheet is arranged to give an analysis of the various heads of expenditure. A random sample of entries was checked, all items agreed with supporting vouchers and were correctly allocated.

## **2 Financial Regulations/Payment Controls**

Standing Orders and Financial Regulations were accepted unaltered at the Annual Council Meeting in May 2016.

A list of payments, which includes the Council's power to spend against each item, is presented to Council for approval and this approval minuted. I carried out a random check of payments; all were backed up by invoices, were signed by two councillors and could be followed through to the bank statements.

All of the VAT items checked had been recorded.

Section 137 expenditure was separately identified and was well within statutory limits.

## **3 Risk Management Arrangements**

No unusual financial activity was identified in the minutes.

The Council's insurance arrangements cover many of the risks likely to be met, while some risk areas are reviewed as part of normal procedures. It was noted that the insurance cover is due for renewal in 2018.

A Risk Management Strategy document was adopted at the July 2015 meeting. An annual review of the document was not recorded in the minutes. I could see that the internal checks stated in the document are now being carried out.

## **4 Budgetary Controls**

The budget for the coming year was properly considered. A proposed budget document was reviewed and the budget and precept agreed at the November 2016 meeting.

Members receive regular reports of Expenditure to date for monitoring against budget.

## **5 Income**

The Council received all expected income for the year, including the Pound Rent quarterly payments.

The recorded precept received from the District Council agreed with the precept notification.

## **6 Petty Cash**

The Council does not operate a Petty Cash system. Any expenses, backed up by receipts, are claimed and included on the payments schedule.

## **7 Payroll Controls**

The Clerk has a contract of employment based on the NALC model.

A sample check showed PAYE deductions have been processed correctly and that other expenses were accurate and properly approved.

## **8 Asset Controls**

The Asset Inventory was confirmed at the Annual Council meeting in May 2016. I did a random check of insurance cover of assets and these were adequate. The asset list now also contains original/proxy costs.

JPAG16 guidance (section 5) issued in June 2016, deals with assets in some detail. Paragraphs 5.59 and 5.60 refer to gifts, where a nominal £1 cost value should be used on the register and that the same treatment should be given to 'community assets' that do not have a functional purpose or any intrinsic resale value, The guide gives village pond or war memorial as examples of community assets.

## **9 Bank Reconciliation**

Bank Reconciliations are carried out regularly. The reconciliation is presented to Council and signed, as recommended in both JPAG and NALC documents as evidence of verification.

I could see no unexplained balancing entries on any of the reconciliations.

## **10 Year End Procedures**

The accounts were prepared on a Receipts and Payments basis.  
An audit trail could be followed on all areas examined.

### **Other areas covered at audit**

#### **Codes of Conduct etc**

Members sign up to the Council's Code of Conduct on Acceptance of Office and thereafter when changes are made to the codes.

Minutes show that members regularly state Declarations of Interest at meetings.

#### **Internal & External Audit Reports**

Both reports were considered at council meetings and action agreed on recommendations/observations.

#### **Summary of Recommendations**

- 1 Minute review of Risk Management Strategy
- 2 Review valuation of assets for annual return with reference to JPAG June 2016 guidance