

# **CORSE PARISH COUNCIL**

## **Independent Internal Audit Report 2017/2018**

The Audit was carried out on the 26<sup>th</sup> April 2018. 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 fit for the purposes intended.

### References:

JPAG            Joint Practitioners' Advisory Group  
*Governance and Accountability for Local Councils – A Practitioners' Guide March 2014 &*

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 2018*

Peter Newman  
Independent Internal Auditor  
27<sup>th</sup> April 2018

## **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 reviewed and accepted unaltered at the Annual Council Meeting in May 2017.

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. I noticed the odd one or two cheque stubs without initials.

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.

A Risk Management Strategy document was reviewed and accepted at the May 2017 meeting. I could see that the internal checks stated in the document are being carried out with the signed check lists on file.

## **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 2017 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 Council's Asset Inventory was confirmed at the Annual Council meeting in May 2017.

The asset list shows cost on acquisition/proxy cost as described in JPAG. The list has now been further reviewed to take into account JPAG guidance on Community Assets, in particular relating to value of assets shown on the Annual Return.

## **9 Bank Reconciliation**

Bank Reconciliations are carried out regularly. The reconciliation is presented to Council and signed, as recommended by JPAG and as defined in Council's own Financial Regulation 2.2.

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. A response to any issues raised from both audits is a condition of a positive response in the governance statement of the annual return (Part 1 item 7).