

## INTERNAL AUDIT REPORT

Mrs F Mary A Farman  
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TO: Whitley Parish Council

5<sup>th</sup> May 2016

Dear Chairman and Councillors

**Re: Internal Audit report for Whitley Parish Council – Year Ended 31 March 2016**

Having completed the internal audit for Whitley Parish Council on 5<sup>th</sup> May 2016 using the enclosed list of questions I have no points to bring to the council's attention.

On the basis of my examination of the Parish Council's accounts and records I am satisfied that the records are well maintained, free from material error and follow the accounting procedures as set out in the Governance and Accountability, March 2016, guidelines for local councils.

The accounts are clear, easy to understand and give a transparent picture of the council's income and spending. All the statutory procedures are in place, well embedded in practice and clearly assist in the smooth and efficient running of the council.

It has been a pleasure carrying out the internal audit of the council's accounts, procedures and practices. However, I am afraid that this is the last year that I shall be doing internal audits and wish you all the best for the future.

Yours sincerely



Mary Farman  
CILCA: MILCM

W.H.T.L.E.Y... Parish Council - Internal Audit – Year ending 31 March 2016

1. Accounts:

- a) Have the appropriate books of account been properly kept throughout the year? YES/NO
- b) On what basis – receipts/payments; income/expenditure?
- c) Is the cash book reconciled at least once a quarter? YES/NO
- d) Is there a clear record of the end of year statement & EoY bank reconciliation? YES/NO
- e) Is VAT shown separately? YES/NO. Has VAT been requested recently? YES/NO
- f) Are all account balances shown – current; savings etc? YES/NO
- g) Are reserves/balances appropriate? YES/NO
- h) Does the received income match the expected income? YES/NO. If not, why not?  
.....
- i) Do the financial procedures re receipt of money ensure correct recording and prompt banking of any money received? YES/NO. If 'NO' why not?  
.....
- j) If applicable is VAT on income accounted for? N/A. YES/NO
- k) Are payments supported by invoices? YES/NO
- l) Are transactions supported by an adequate audit trail? YES/NO
- m) Was expenditure properly approved before and after action? YES/NO  
(A sample check of agendas and minutes will be carried out to check i) and j)
- n) Petty cash – is any kept? YES/NO. If 'YES' how is this recorded  
Recorded on invoice file. Separate Petty Cash Account. and is there a proper system of invoices and payments for any petty cash used? YES/NO ✓
- o) Expenses – are these, councillors and employees, properly recorded with invoices and receipts, approved by council and paid in accordance with council policy? YES/NO. Is VAT on expenses accounted for properly? YES/NO
- p) Do members check the accounts at least twice a year? YES/NO. (At each meeting.)
- q) If council has a separate Finance Committee how often does it report back to full council? N/A

2. Standing Orders and Financial Regulations

- a) What systems does the council have for updating Standing Orders and Financial Regulations? S.O. and when necessary. Plan to be done annually.
- b) Are these regulations met? YES/NO
- c) Has the council taken into account the revised S.O. and Fin. Regs? - To be done soon

3. Risk Assessment

- a) Financial risks – have possible financial risks been listed? YES/NO
- b) What procedures have been taken to minimise any possible financial risk? Checks on account and spending carried out at each meeting by council
- c) Other risks – have other risks been listed? YES/NO
- d) What procedures have been taken to minimise risks other than financial? Regular inspection of play areas.
- e) Is there sufficient management of risk? YES/NO

**4. Internal Control and Audits**

- a) Has the council undertaken a review of internal control and audits? YES/~~NO~~
- b) Is/are there any specific point/s that the clerk, RFO or council has requested to be looked at by the internal auditor? YES/~~NO~~
- c) If 'YES' give brief details

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**6. Budgeting**

- a) Has the council budgeted in a clear and adequate manner? YES/~~NO~~
- b) What checks are in place to ensure the correct precept has been received?

*Amount received checked against amount requested.*

- c) Does the clerk or RFO report to council regularly to give progress reports on expenditure versus budget? YES/~~NO~~ *At each meeting,*

**7. Employees**

- a. Is there a clear minute and contract detailing employee(s) conditions and pay and is/are the employee(s) paid by to those decisions? YES/~~NO~~
- b. Is there an appointed Responsible Financial Officer with duties clearly listed in Financial Regulations or elsewhere? YES/~~NO~~
- c. HMRC – Is the council registered with HMRC as an employer? YES/~~NO~~
- d. Have PAYE and NI payments been made by the council? YES/~~NO~~
- e. Pensions – Has the council registered with the Pensions Regulator? YES/~~NO~~
- f. Has the council selected a suitable pension provider scheme? YES/~~NO~~ *Not yet,*

**8. Assets and Investments**

- a) Is there a list of assets and investments that is checked/modified at least yearly? YES/~~NO~~
- b) Does the list of assets agree with the insurance details? YES/~~NO~~

**9. Insurance**

- a) Is the insurance in order and the correct items covered? YES/~~NO~~
- b) Is there sufficient cover provision? YES/~~NO~~ *£1.0m*
- c) What is the council's procedure for reviewing insurance? *Annually*

**10. Additional items to check procedures**

- I. Is there a clear separate list of S137 payments, showing the initial allowance and amount remaining? YES/~~NO~~
- II. Is there a record of debtors and creditors – sums owed to the council and outstanding payments from the council? YES/~~NO~~/~~NA~~
- III. Are the minutes signed and dated correctly? YES/~~NO~~. When and how are minutes verified? *At the following meeting*
- IV. Does the Council act as sole trustee for any charities? YES/~~NO~~. If so, who are the charities and what representation does the Council have? .....

- V. How many councillors are to sign cheques? ..... 2 ..... Are the cheque book stubs initialled? YES/NO
- VI. Has an annual review of the internal audit's effectiveness been completed? YES/NO
- VII. Has Annual Governance Section 1 been completed and signed by the chairman? YES/NO
- VIII. Are the figures on section 2 correct? YES/NO
- IX. Has the Annual Return Bank Reconciliation been done? YES/NO
- X. Are the figures correct/reconcile with section 2? YES/NO
- XI. Has the Explanation of Variances been completed? YES/NO
- XII. Are the figures, including the variance percentages, correct? YES/NO

**Lawful Compliance**

- a. What is the first item on the agenda of the Annual Meeting of the Parish Council? ..... Election of Chairman .....
- b. Are all agenda items clearly detailed and marked for resolution or information? Y/N
- c. Does the awarding of contracts comply with the Financial Regulations requirements? YES/NO
- d. Has the Council approved the use of delegated powers?. YES/NO. If so, to whom and for what? To the clerk for dealing with petty cash? .....
- e. Is the Council eligible to use the General Power of Competence? YES/NO
- f. Has any spending been ultra vires? YES/NO. If 'yes' why? .....
- g. Does the Council have a: -
  - Complaints procedure. YES/NO
  - Freedom of Information Publication policy. YES/NO
  - Recording of Meetings policy. YES/NO
  - Co-option procedure. YES/NO
  - Public Question Time procedure. YES/NO
- h. Has the Council, if appropriate, taken the necessary action to ensure compliance with the publishing requirements of the Openness and Transparency Regulations? YES/NO N/A
- i. What steps, if appropriate, has the Council taken to comply with the Transparency Code requirements? (Council laptop; printer; website etc.)

Any comments on the annual return form from the internal auditor YES/NO and external auditor YES/NO? If so, have these been dealt with satisfactorily? Internal YES/NO. External YES/NO

Signed: F.M. Farmer ..... Internal Auditor. Date: 5 May 2016 .....