

# Internal Audit

## SCALFORD Parish Council

### Year ending 31<sup>st</sup> March 2015

#### **INTERNAL AUDITOR**

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#### ***DOCUMENTATION:***

- **[SECTION 1 - INTERNAL AUDIT PROCEDURE \(Abridged\)](#)**
- **[SECTION 2 - INTERNAL AUDIT SUMMARY REPORT](#)**
- **[SECTION 3 - INTERNAL AUDIT COMPLIANCE TESTING REPORT](#)**

*NB: The current Internal Audit Procedure (section 1) is unchanged from the previous year's report. An abridged version is therefore included in this report for brevity purposes and which details the key procedures from the full version previously provided. The unabridged (full) version of the Internal Audit Procedure can be provided separately on request.*

## INTERNAL AUDIT PROCEDURE

### 1. Introduction & Purpose

The purpose of this procedure is to define Redwood Pryor's process for undertaking internal audits in order to assess the effectiveness of the **SCALFORD Parish Council's** internal controls and also to define the responsibilities for planning and conducting audits, reporting results and retaining associated records.

### 2. Terms & Definitions of Internal Audit Assurance

Audit Opinion	Explanation
GOOD	There is a sound system of internal control designed to achieve the Council's objectives. The internal control processes tested are being consistently applied.
ADEQUATE	While there is a basically sound system of internal control, there are weaknesses, which may put some of the Council's objectives at risk.
LIMITED	Weaknesses in the system of internal controls are such as to put the Council's objectives at risk. The level of non-compliance puts the Council's objectives at risk.
UNSATISFACTORY	Control processes are generally weak, leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

### 3. Application & Scope

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing in the Governance and Accountability for Local Councils, A Practitioners' Guide, Redwood Pryor Ltd makes every effort to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

***NB: It would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. It is the periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and management and not left for internal audit. (Source: Governance and Accountability for Local Councils-A Practitioners' Guide-2010).***

## **4. Requirements**

An internal audit of the internal controls is conducted annually to:

- Determine whether the internal controls conform to planned arrangements
- Determine whether the internal controls are properly implemented and maintained
- Provide information on the results of the internal audit to the parish Council, the Clerk to the Council and the Responsible Financial Officer (where the latter is a separate position within the Council).

Essential competencies for an internal auditor are:

- Understanding of basic accounting processes
- Understanding of the role of internal audit in reviewing systems.
- Awareness of risk management issues
- Understanding of accounting requirements of the legal framework and powers of local Councils

To ensure impartiality and objectivity, the internal auditor must not have any involvement in the financial decision making, management or control of the Council.

## **5. Process**

Regulation 6 of the Accounts and Audit Regulations 2003 as amended imposes a duty on local Councils to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a Councils activities and operating procedures are effective. Internal audit is an on-going function reporting to the Council at least once a year and undertaken at least once annually. Internal audits may be completed with a greater frequency if determined by the Council or as determined by:

- Corrective actions from previous internal audits
- Statutory/legal requirements
- Audit Commission guidance
- Council decisions
- Council objectives and policy
- Council internal review concerns
- Concerns and recommendations raised by external auditors
- Parishioner complaints
- Employee concerns

## **6. The Audit**

### **6.1 Audit Planning**

The internal auditor should:

- Establish and communicate an internal audit schedule
- Establish and implement internal audit plan

## **6.2 Audit Preparation**

The internal auditor should:

- Review and prepare the internal audit checklist
- Arrange an audit appointment with the Clerk to the Council (Clerk) and/or the Responsible Financial Officer (RFO)
- Issue the audit checklist to the Clerk and/or the RFO

## **6.3 The Audit**

The internal auditor should:

- Undertake an initial meeting with the Clerk and/or the RFO to:
  - o Review the previous internal audit report:
    - Check progress made against recommendations made
    - Identify and review any changes to internal controls
  - o Ensure documentation listed on the audit checklist is available for review
- Sample and observe process inputs/outputs e.g. review invoices, expenditure reports etc.
- Record objective evidence to verify process compliance or non-compliance
- Generate audit findings i.e. a draft internal audit report
- Forward a copy of the draft internal audit to the Clerk and/or the RFO for review

## **6.4 Wrap-up Meeting**

The internal auditor and the Clerk and/or the RFO should meet again to:

- Review audit conclusions and discuss recommendations for improvement contained in the draft internal audit report
- Decide whether any non-compliances observed should be included in the final internal audit report or resolved immediately
- Address immediately any minor areas of non-compliance
- Agree on corrective actions for other areas of non-compliance and/or recommendations for improvement.

The internal auditor then prepares and signs off the final version of the internal audit report and forwards to the Clerk and/or the RFO

## **6.5 Follow-up**

The Clerk and/or the RFO is expected to:

- Ensure corrective actions are implemented and are closed-out within the agreed timeframe
- Ensure non-compliances are closed-out within the agreed timeframe

## **6.6 Review**

The Council is expected to:

- Receive the internal report at a meeting of the Council to review
- Consider, agree and minute actions required to address any audit findings
- Use the internal audit report to promote best practice
- Ensure internal controls and records are maintained.

Year Ending: March 2015

**Internal Audit Summary Report**

Internal Audit Report Number	Date Issued	Prepared by
SCALPC.IAR.2015	27 May 2015	Richard Willcocks

**Aims & Objectives**

**SCALFORD Parish Council** has a statutory duty to complete an Annual return at the end of each financial year. As part of the Annual Return the Parish Council's internal audit function is required to provide assurance that relevant procedures and controls were operating effectively for the financial year ending **31 March 2015**. The purpose of this exercise is to meet those statutory requirements and provide the Council with an appropriate level of assurance in support of the **2015** Annual Return.

**Scope of Audit**

The internal audit exercise involves such testing of the evidence of and evidence of compliance with the 11 statements contained in Section 4 of the Annual Return, as applicable to the range and financial materiality of the Councils' activities. The statements refer to:

- Maintenance of proper financial records
- Compliance with the Council's Standing Orders, Financial Regulations and proper accounting for VAT
- Adequacy of risk management arrangements
- Effective budgeting and budgetary control
- Identification of income due and timely collection and banking of such monies
- Proper administration of petty cash
- Proper administration of salaries of employees and expenses paid
- Maintenance of an accurate and reliable asset register
- The completion of regular bank reconciliations
- The correct basis and accurate preparation of year-end accounts
- Whether the Council has met its responsibilities as a trustee.

The outcomes of the recommended testing required for assurance purposes is shown in the Internal Audit Compliance Testing Report.

## Section Two: Internal Audit Summary Report for SCALFORD Parish Council

Year Ending: 31 March 2015

Results			
<p>Overall the Council has good controls in place, covering the key financial systems, with appropriate books of account being kept throughout the year. Expenditure payments were supported by invoices, approved and VAT properly applied. Expected income was fully received, properly recorded and promptly banked.</p> <p>From the Recommendations shown below it is clear that Chris Hill, who took over from Sue Watford in April 2014, has settled in well as Clerk to the Council i.e. the only new recommendation made relates to a review of the asset register, that the new Clerk had already considered. Chris has also improved the Council's financial and administrative procedures by introducing practices and controls that have been proven at Seagrave Parish Council, where he was previously employed.</p>			
<p><b>Overall Internal Audit Assurance Rating:    GOOD</b></p>			
<p><b>Recommendations</b> (NB: Recommendations from the previous year's internal audit report will be repeated below, together with a note of action taken to comply).</p>			
Compliance Testing Ref	It is recommended that:	Priority	Responsibility
3.4	<p><i>From 2014 Internal Audit report</i> the Council considers implementing a Statement of Internal Control based on the specimen template provided. This statement outlines the responsibilities of the Council in ensuring the effectiveness of its policies and procedures.</p> <p><b>Pending. New Clerk to the Council to review during 2014-15. c/f</b></p>	Medium	Clerk and Council
5.3  ✓	<p><i>From 2014 Internal Audit report</i> the bank mandate should be updated as soon as possible to the change of Clerk from Sue Watford to Chris Hill and for Cllr. Carol Hardisty to replace Cllr. Roger Brewer as an authorised signatory. When amended, the bank mandate should be reviewed annually by the Council and updated as required i.e. added to the annual reviews undertaken and approved by the Council at the Annual Meeting. The current bank mandate should be kept on file by the Clerk.</p>	<p><b>ACTIONED AS RECOMMENDED</b> <b>New mandate prepared 30/04/14</b></p>	

**Section Two: Internal Audit Summary Report for SCALFORD Parish Council**

Year Ending: 31 March 2015

<p><b>9.2</b></p> <p>✓</p>	<p><i>From 2014 Internal Audit report</i>                  the council undertakes a review of its system of internal control in order to satisfy the governance requirements of the Annual Return (section 2) and ensure best practice is applied. This review should include as a minimum, on a quarterly basis, a review and signing off of the bank reconciliations and their supporting bank statements. Undertaking this particular review will also ensure that the Council fulfils a primary duty of safeguarding public money. <b>This recommendation has been brought forward from the previous year's internal audit report.</b></p>	<p><b>ACTIONED AS RECOMMENDED</b>  <b>Bank reconciliations reviewed and signed off by Council. Aim is to sign off on a monthly basis (quarterly minimum)</b></p>	
<p><b>8.2</b></p>	<p><b>the Clerk undertakes a planned review of assets held by the Council to confirm that the asset register includes all significant parish assets.</b></p>	<p>Medium</p>	<p>Clerk</p>
<p>Acknowledgments</p>			
<p>The help and co-operation of Chris Hill, Clerk to the Council and Responsible Financial Officer, is much appreciated by the internal auditor.</p>			

Report Prepared By	Signature	Position	Date
		Internal Auditor	
Report Reviewed By	Signature	Position	Date
		Responsible Financial Officer	
Report Received By Council	Signature	Position	Date

Year Ending: 31 March 2015

**INTERNAL AUDIT COMPLIANCE TESTING REPORT**Legend

**A** = Opportunity for Improvement    **B** = Minor Non-compliance    **C** = Major Non-compliance

<b>Compliant:</b>	Adherence with the requirements of the audit question. No major or minor non-conformances found
<b>Opportunity for Improvement (OFI):</b>	<p>A situation or condition of internal control that may be weak, cumbersome, redundant, overly complex, or in some other manner, may, in the opinion of the internal auditor, offer an opportunity for the Council to improve its current status.</p> <p>OFI's do not necessitate any immediate remedial action on the part of the Council; however, the Council should give them serious consideration in view of the internal auditor's knowledge and exposure to similar controls and processes.</p> <p>An OFI may be an improvement to the internal control system or could prevent future problems.</p>
<b>Minor Non-compliance:</b>	<p>A non-compliance that, based on the judgment and experience of the internal auditor, is not likely to result in the failure of the internal control system or reduce its ability to ensure effective control is maintained.</p> <p>It may be either:</p> <p>A failure in some part of the Council's internal control and assurance relative to a specified requirement.</p> <p>A single observed lapse in following one item of testing of the Council's internal controls.</p>
<b>Major Non-compliance:</b>	<p>The absence or total breakdown of an internal control process necessary to meet a specified requirement.</p> <p>A number of minor non-compliances against one requirement can represent a total breakdown of an internal control process and thus be considered a major non-conformity.</p> <p>Any non-compliance that would result in the probable delivery of a non-conforming service or action by the Council. Conditions that may result in the failure of or materially reduce the usability of the Council's services for their intended purpose.</p> <p>A non-compliance that, in the judgment and experience of the internal auditor, is likely to either to result in the failure of an internal control process or to materially reduce its ability to assure effective internal control.</p>

**NB: ALL REFERENCES TO PERIODS IN THE SECTIONS BELOW REFER TO THE FINANCIAL YEAR ENDING 31 MARCH 2015, BEING REVIEWED, UNLESS OTHERWISE STATED.**

Year Ending: 31 March 2015

**1. Proper Book Keeping**

Question No.	Audit Question	Compliant			Audit Evidence	Comments	
		YES	OFI	NO			
			A	B	C	N.B. Provide references to documentation where necessary	
1.1	<u>Is the cashbook maintained and up to date?</u>	✓				The year end and monthly accounts summaries provided from the Microsoft Excel based cashbook and accounts system, <b>as revised by the new Clerk.</b>	The Clerk to the Council (Clerk) is responsible for the day-to day accounts functions. The accounts are balanced monthly, so as to be up to date for each meeting of the Council (normally 12 per year). The accounts are up to date to the financial year end. The Clerk is responsible for ensuring backups of the Excel spread sheets are taken.
1.2	<u>Is the cashbook arithmetic correct?</u>	✓				Arithmetic checks of cashbook and accounts reports	Checks confirmed that the cashbook and other accounts arithmetic were correct.
1.3	<u>Is the cashbook regularly balanced?</u>	✓				Cashbook and accounts review.	The accounts are balanced monthly and are up to date to the financial year end.

**2. Standing Orders, Financial Regulations & Payment Controls**

Question No.	Audit Question	Compliant			Audit Evidence	Comments	
		YES	OFI	NO			
			A	B	C	N.B. Provide references to documentation reviewed where necessary	
2.1	<u>Has the Council formally adopted standing orders and financial regulations?</u>	✓				Standing Orders and Financial regulations documents. These are based on the NALC model Standing Orders and Financial Regulations, adapted to suit the specific needs of the Council.	Standing Orders and Financial Regulations maintained by the Clerk. <b>Standing Orders and Financial regulations were both last reviewed and approved at the Council meeting on 09/04/15, with no changes made.</b>

Section Three: Internal Audit Compliance Testing Report for SCALFORD Parish Council

Year Ending: 31 March 2015

Question No.	Audit Question	Compliant			Audit Evidence  N.B. Provide references to documentation reviewed where necessary	Comments
		YES	OFI A	NO B C		
2.2	<u>Has a Responsible Financial Officer been appointed with specific duties?</u>	✓			The current job description for the Clerk, which recognises the specific Responsible Financial Officer (RFO) duties.	<b>Chris Hill succeeded Sue Watford as Clerk to the Council (Clerk) on 01/04/14.</b> The Clerk's duties are combined with the role of Responsible Financial Officer (RFO). The Clerk/RFO is solely responsible for all the Council's financial and general administration, working from home. <b>Chris Hill was responsible for preparing the accounts, the 2015 Annual Return and for providing all information for the internal audit. The new Clerk received a job description, approved by Council on 09/04/14, which recognised the role and responsibilities of RFO.-</b>
2.3	<u>Have items or services above a de-minimis amount been competitively purchased?</u>	✓			Financial Regulations. Expenditure invoices.	The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is £2,500. 3 quotes or tenders are required for purchases above the de-minimis limit. Testing indicated that these regulations were being correctly applied.
2.4	<u>Are payments in the cashbook supported by invoices, authorised &amp; minuted?</u>	✓			Invoice files reviewed and checked through to entry into the accounts. Payment listing to Council. Minutes.	All pending expenditure payments are presented to the next Council meeting for approval, amendment or deletion by resolution. All payments to be made are then recorded in the Council minutes. The approved cheques are signed by 2 approved cheque signatories.
2.5	<u>Has VAT on payments been identified, recorded and reclaimed?</u>	✓			Invoice files reviewed to check VAT entered correctly.	The Council is able to recover VAT through the Local Authorities and Similar Bodies Scheme. A claim to HMRC, for repayment of VAT, is made as when there is a significant amount to reclaim, which will normally be annually. <b>The last repayment claim made covered the period 01/04/14 to 31/03/15.</b> Testing indicated that VAT on income and expenditure had been correctly applied. There has not been a VAT inspection since the Clerks appointment in 1986. It is not known if any inspections occurred prior to this.

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Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B	C	N.B. Provide references to documentation reviewed where necessary
2.6	<u>Is S137 expenditure separately recorded and within statutory limits?</u>	✓				The year-end accounts summaries provided from the Microsoft Excel based cashbook/accounts system.
						For the current financial year the maximum allowable spend on S137 expenditure was approximately <b>£3,600</b> , based on the latest known electoral role of approximately 500 and a per capita spend of <b>£7.20</b> . The total S137 spend in the current year was <b>£400.00</b> , which was all allowable S137 expenditure.

### 3. Risk Management Arrangements

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B	C	N.B. Provide references to documentation where necessary
3.1	<u>Does a review of the minutes identify any unusual financial activity?</u>	✓				Scan of minutes on-line via the village web site.
						There are no committees of the Council. No unusual financial activity was found in the minutes reviewed. <b>Minutes are uploaded onto the Council website after approval at the next meeting.</b> <b>Minutes for the Council have been uploaded onto the village website up to and including the January 2015 Council meeting</b>
3.2	<u>Do the minutes record the Council carrying out an annual risk assessment?</u>	✓				Review of current risk assessment documentation.
						The Council has a risk assessment policy in place covering all main areas of risk. The risk assessment policy is maintained by the Clerk, reviewed annually and approved by the Council. The risk assessment policy was last reviewed and approved by the Council on 09/04/14, when no changes were required. <b>It was noted that the risk assessment policy will be reviewed at the May 2015 Council meeting, with no changes anticipated.</b> The current risk assessment policy meets the requirements of the Council and covers the main areas of risk that could be faced.

Section Three: Internal Audit Compliance Testing Report for SCALFORD Parish Council

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Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B	C	N.B. Provide references to documentation where necessary
3.3	<u>Is insurance cover appropriate and adequate?</u>	✓				Review of detailed insurance schedule (Aviva). <b>A 3 year contract for insurance was placed with Came &amp; Co (insurance brokers) covering the period from 12/08/14 to 11/08/16.</b> Insurance cover is placed with Aviva for all types of risk. The level and range of insurance cover appears to be adequate for the size of the Council.
3.4	<u>Are internal financial controls documented and regularly reviewed?</u>	✓				Standing Orders & Financial Regulations. <b>An initial statement of internal control was prepared and approved by the Council on 13/05/15 and will continue to be reviewed and approved annually at the Annual Meeting.</b> Effective and acceptable financial control procedures are also operative as stipulated in the SOFR.

4. Budgetary controls

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B	C	N.B. Provide references to documentation where necessary
4.1	<u>Has the Council prepared an annual budget in support of its precept?</u>	✓				Copy of detailed budget. The annual budget for the financial year under review was prepared by the Clerk and approved by the Council on in January 2014, with a precept of £16,000, again unchanged from the previous year. The budget is prepared annually by the Clerk on an Excel spread sheet
4.2	<u>Is actual expenditure against budget regularly reported to the Council?</u>	✓	✓			Copies of financial statements. Minutes. <b>Actual income and expenditure is reported to every Council meeting. See Recommendation.</b>
4.3	<u>Are there any significant unexplained variances from budget?</u>	✓				Copies of financial statements. All significant variances to budget (+/-15%) were explained satisfactorily.

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## 5. Income Controls

Question No.	Audit Question	Compliant			Audit Evidence  N.B. Provide references to documentation where necessary	Comments
		YES	OFI A	NO B C		
5.1	<u>Is income properly recorded and promptly banked?</u>	✓			Receipts reviewed and checked through to entry into the accounts.	The Clerk is responsible for raising and authorising income invoices, when applicable. Receipts (acknowledgments) are issued for payments received. Cash and cheques are banked as and when any are received. Outside of the precept, bank interest and the VAT reclaim, the income arises from different sources e.g. rental income, donations and grants. Normally the Council does not receive any cash income, other than for allotment rents <b>and cemetery fees</b> . Income invoices are prepared manually, when requested. A file copy is retained on the Clerk's pc. Invoices and receipts reviewed were correctly authorised.
5.2	<u>Does the precept recorded agree to the Council Tax authority's notification?</u>	✓			Precept notification from Melton District Council. Bank statements and accounts entries.	<b>For 2014-15 a total of £16659.19 was received from the District Council, comprising:</b> <ul style="list-style-type: none"> <li>○ £16,000.00 precept</li> <li>○ £659.19 Council Tax Support Grant</li> </ul> <b>This funding was received in 2 instalments in April (£8,329.60) and September (£8,329 .59)</b>

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Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B		
5.3	<u>Are security controls over cash and near-cash adequate and effective?</u>	✓			<p>N.B. Provide references to documentation where necessary</p> <p>Copies of paying in sheets. Bank mandate correspondence.</p>	<p>The Clerk is responsible for receiving, balancing and reconciling any cash and cheques received. The Council does not normally undertake cash transactions (see 5.1 above).</p> <p><b>A bank mandate has been prepared and approved by the Council on 30/04/14, nominating all 6 Council members as signatories for the HSBC bank accounts i.e. Tim Spencer, Brian Dodd, Carol Hardisty, Elizabeth Bryan, Michael Birt, Margaret Wright.</b> The Clerk is an approved cheque signatory but would only sign cheques if there was an urgent requirement to do so i.e. an emergency situation The Clerk is also authorised to communicate direct with the bank for administrative purposes e.g. to bank cheques.. Any 2 of the nominated signatories are required to sign cheques. <b>All Council signatories on the bank mandate were still Council members at the end of the current financial year.</b> <b>NB: the May 2015 Council elections were uncontested, so no changes to the current bank mandate are expected.</b></p>

6. Petty Cash Procedures

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B		
6.1	<u>Is all petty cash spent recorded and supported by VAT invoices/receipts?</u>	✓			<p>N.B. Provide references to documentation where necessary</p> <p>The year end and monthly accounts summaries.</p>	<p>A petty cash float of £100 was implemented on 01/04/14, to cover incidental and out of pocket expenses.</p>
6.2	<u>Is petty cash expenditure reported to each Council meeting?</u>	✓			<p>Payment listing to Council. Minutes.</p>	<p>Petty cash expenditure is presented to each Council meeting for approval. Petty cash expenditure appears as a separate item on the Cheque Listing report.</p>

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Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B	C	N.B. Provide references to documentation where necessary
6.3	<u>Is petty cash reimbursement carried out regularly?</u>	✓				Petty cash transactions. Payment listing.

### 7. Payroll Controls

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B	C	N.B. Provide references to documentation where necessary
7.1	<u>Do all employees have contracts of employment, with clear terms and conditions?</u>	✓				Combined contract of employment and job description.
7.2	<u>Do salaries paid agree with those approved by the Council?</u>	✓				Payroll data. Salary data.
7.3	<u>Are other payments to employees reasonable and approved by the Council?</u>	✓				Payroll file. Council minutes.

**Section Three: Internal Audit Compliance Testing Report for SCALFORD Parish Council**

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Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B		
					N.B. Provide references to documentation where necessary	
7.4	<u>Has PAYE/NIC been properly operated by the Council as an employer?</u>	✓			Payroll file.	The Council's payroll reference number is 120/YA90298 Ladywell Accounting Services are responsible for preparing the payroll deductions and submitting the returns to HMRC. PAYE and NI contributions due are paid over quarterly to HMRC by the Clerk. Monthly and year-end PAYE/NI deductions and returns have been submitted online, on time to HMRC by Ladywell Accounting Services. There were no errors recorded. Real Time Information (RTI) is submitted monthly online by Ladywell Accounting Services as required by HMRC.

**8. Asset Controls**

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B		
					N.B. Provide references to documentation where necessary	
8.1	<u>Does the Council maintain a register of all material assets owned or in its care?</u>	✓			Asset register (Excel spread sheet).	The Clerk is responsible for maintaining the manual asset register. The Council does not hold any long term investments i.e. over 1 year. A minimum value of £1,000 for an asset to be listed on asset register is applicable.
8.2	<u>Are the assets and investment registers up to date?</u>	✓			Asset register	The asset register is updated as qualifying assets (see 8.1 above) are purchased or disposed. The asset register was up to date with all relevant assets as at the current financial year end. There were no asset additions or disposals during <b>2014-15. See Recommendation.</b>
8.3	<u>Do asset insurance valuations agree with those in the asset register?</u>	✓			Asset register Insurance schedule	When an asset is purchased it is entered into the asset register at cost and this is the value entered into section 1 of the Annual Return as required by the external auditors. Its value in subsequent years is not therefore amended to bring it in line with its current insurance value. If the asset's insurance value is required, this should be listed separately.

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## 9. Bank Reconciliation

Question No.	Audit Question	Compliant			Audit Evidence	Comments	
		YES	OFI	NO			
			A	B			C
					N.B. Provide references to documentation where necessary		
9.1	<u>Is there a bank reconciliation for each account?</u>	✓				Bank statements. Bank reconciliations.	The Council holds the following bank accounts, which were operative at the start of the financial year; <ul style="list-style-type: none"> <li>○ HSBC Community (current) Account; 403214/20724769; bank statements received monthly. The main account for cheque payments and receipts.</li> <li>○ HSBC Business Money Manager Account; 403214/81479865; bank statements received quarterly. Used for cash deposits.</li> </ul> Reconciliations are undertaken for the above accounts. Bank statements have been received for the above accounts at the financial year end.
9.2	<u>Is a bank reconciliation carried out regularly and in a timely fashion?</u>	✓				Bank statements. Bank reconciliations. Minutes	The bank accounts are reconciled individually on receipt of the statement. The Clerk is responsible for preparing the bank reconciliations. Bank reconciliations for both accounts are presented to each Council meeting <b>and reviewed and signed off by the Council on a minimum quarterly basis.</b> The bank accounts were fully reconciled as at the year-end.
9.3	<u>Are there any unexplained balancing entries in any reconciliation?</u>	✓				Bank statements. Bank reconciliations.	No unexplained balancing entries were identified on the reconciliation
9.4	<u>Is the value of investments held summarised on the reconciliation?</u>						Not applicable. No long term (over 1 year) investments held.

Year Ending: 31 March 2015

## 10. Year-end Procedures

Question No.	Audit Question	Compliant			Audit Evidence <small>N.B. Provide references to documentation where necessary</small>	Comments
		YES	OFI A	NO B C		
10.1	<u>Are year-end accounts prepared on the correct accounting basis?</u>	✓			Monthly and Year End Accounts summaries and detailed listings.	Day to day and year end accounts are prepared on a Receipts & Payments basis.
10.2	<u>Do accounts agree with the cashbook?</u>	✓			Monthly and Year End Accounts Annual Return section 1.	The Clerk is responsible for preparing and reconciling the monthly and year end accounts. The data entered onto section 1 of the Annual Return agreed to the year-end Receipts & Payments Account.
10.3	<u>Is there an audit trail from underlying financial records to the accounts?</u>	✓			Accounts summaries and detailed listings	The manual accounting system provides a satisfactory audit trail to the underlying financial records.
10.4	<u>Where appropriate, have debtors and creditors been properly recorded?</u>	✓			Verbal assurance.	Although not recorded in the Receipts and Payments Accounts (i.e. cash based accounts), no outstanding debtors or creditors were identified at the year end.

## 11. Other Matters

Question No.	Audit Question	Compliant			Audit Evidence <small>N.B. Provide references to documentation where necessary</small>	Comments
		YES	OFI A	NO B C		
11.1	<u>Is the Council a trustee, or involved in the administration of any charity.</u>					Not applicable. The council is not a trustee of nor involved in the administration of any charity.
11.2	<u>Other points of note</u>				PWLB online loan statement (for all councils) as at the financial year end.	The Council does not have any loans outstanding with the Public Works Loan Board (PWLB).

Year Ending: 31 March 2015

**12. Safeguarding Public Money** (as per JPAG guidance 20120725)

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
			A	B	C	
12.1	<u>Does the Council have safe and efficient arrangements to safeguard public money?</u>	✓			Internal audit. Financial Regulations. Minutes. Accounts. Bank recs.	See sections above covering: Financial regulations (2.1) Payments (2.4) Internal controls (3.4) Bank mandate (5.3) Bank reconciliations (9.1) Financial regulations (6.1) do not permit on-line payments.
12.2	<u>Does the Council review regularly the effectiveness of their arrangements to protect money?</u>	✓			Bank reconciliation statements.	Bank reconciliation statements are presented to the council on regular basis for review, approval and minuting,
12.3	<u>Are controls over money embedded in Standing Orders and Financial Statements?</u>		✓		Standing Orders. Financial Regulations.	The Financial Regulations include reference to controls over money, but not the Standing Orders.
12.4	<u>Are 2 Council member signatures required for cheques and other orders for payment?</u>	✓			Financial regulations. Internal audit review. Expenditure Listing.	See Financial Regulations section 5.2. See section 2.4 above See section 5.3 above.
12.5	<u>Does the Council approve the setting up and any changes to accounts with banks and other financial institutions?</u>	✓			Internal audit review. Financial Regulations.	See section 5.3 above. Section 5.1 of the Financial Regulations states that 'the Council's banking arrangements shall be made by the RFO and approved by the Council'.
12.6	<u>If corporate credit cards are held are they operated within defined limits and cleared monthly by direct debit from the main bank account?</u>	✓				Not applicable. The council does not hold any corporate credit cards. In the occasional emergency situation, the Clerk will use a personal credit card to pay for an item of expenditure.