

**Skelton Parish Council
Internal Audit Report
y/e 31 March 2016
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A) Checking that appropriate books of account have been properly kept throughout the year

Work Done

The method of keeping the books and records up to date was discussed with the Parish Clerk to see if there were any changes from the previous year. The books kept were reviewed.

Results

The clerk now keeps all the accounts on spreadsheets and reconciles the bank account each month. These spreadsheets were reviewed and agreed to the year end reconciliation of opening and closing funds. FHC re-performed a reconciliation in total to check the figures. There was some double counting of unpresented cheques due to confusion over the difference in the opening balances between the cash book and the bank account, but, following further discussion with the Clerk this was resolved.

Conclusion

The books and records have been very well kept during the year and are appropriate for the needs of the Council.

B) Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved and VAT is correctly accounted for.

Work Done

Three items were tested either way – 3 from bank statements to the minutes and 3 from the minutes to the cash book and bank statements. The VAT return was discussed with the Parish Clerk.

Results

Date	Chq No.	Payee	Amount	Matched invoice	Cash Book Ref	VAT correct	Details	Minute Book
19.05.15	100265	AON	£1,022.53	Yes	3	Yes	Insurance	Yes
20.07.15	100268	HMRC	£121.00	Yes	6	Yes	PAYE	Yes
22.01.16	100293	Pearson	£77.03	Yes	31	Yes	Sundries	Yes

Date Minuted	Payee	Amount	Details	Cash Book Ref	VAT correct	Matched Invoice	Through Bank
12.05.15	CALC	£214	Subs	2	Yes	Yes	Yes
14.07.15	R Kelly Exp	£23.03	Clerk Exp	7	Yes	Yes	Yes
24.11.15	Playsaftey	£81.60	Community Services	21	Yes	Yes	Yes

The Council has obtained model financial regulations from NALC and has decided to adopt these. In terms of making payments the financial regulations require the following:

- 1) All payments are made by cheque.
- 2) All invoices shall be examined, verified and certified by the Clerk. The Clerk will satisfy herself that the goods or services to which the invoice refers have been received / carried out.
- 3) The Responsible Financial Officer shall examine invoices for arithmetical accuracy and ensure they are analysed under the correct heading. The Clerk will ensure all invoices are settled at the next Council meeting.
- 4) If necessary to avoid a late payment penalty, the Clerk can settle the invoice before the meeting and bring a list of such payments to the meeting.
- 5) The Council will not maintain a cash float and any cash receipts will be banked in tact.

It is not clear if these regulations have been met during the year, but testing of transactions did not indicate any errors.

The Council is not registered for VAT but is able to reclaim VAT incurred as a local authority. The amount of VAT reclaimed agrees with the records which have been tested above for accuracy.

Conclusion and Recommendations

The payments are supported by invoices, expenditure is approved and VAT is correctly accounted for.

C) Checking that the council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Work done

The issue was discussed with the Parish Clerk. The insurance policy documents were reviewed. The paper work provided was checked for a risk assessment form. The minutes were reviewed

Results

The insurance policy is in place and documents available. A risk assessment is also in place and had been discussed at a meeting with the discussion documented.

Conclusion and Recommendations

Adequate risk assessment is in place.

D) Checking the annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Work done

The minute book was reviewed for discussion on the precept and budget.

Results

The budget was discussed at the November meeting. A precept was set at £13.5k which is significantly more than the actual expenditure in 2015 or 2016. The Clerk clarified that the Parish is trying to build up some reserves.

Conclusion

The budgeting process is being carried out correctly.

E) Checking income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Work done

The recording of income was reviewed.

Results

The main source of income for the Parish is the precept. VAT is also reclaimed on expenditure where it is incurred.

Conclusion

It would appear that income is being recorded correctly.

F) Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and the VAT is correctly accounted for.

N/A as the Parish does not use petty cash

G) Checking that salaries to employees have been paid in accordance the Council approvals and that PAYE and NI requirements have been properly applied.

The clerk is now paid under PAYE which is carried out using HMRC Basic Tools on their website. The wages are being correctly calculated and any PAYE liability paid over promptly to HMRC.

H) Checking asset and investment registers were complete and accurate and properly maintained.

Work done

The position regarding fixed assets was reviewed.

Results

The Parish does not own any assets and so no asset register is maintained.

I) Checking the periodic and year end bank account reconciliations were properly carried out.

Work done

The year end bank reconciliation was reviewed.

Results

The bank is reconciled at the end of each month and at the year end.

Conclusion

Reconciliations are properly carried out.

J) Checking year end accounts were prepared on the correct accounting basis (receipts and payments / income & expenditure), agreed with the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate debtors and creditors were properly recorded.

Work done

Reviewed the cash book and the transactions and bank statements to ensure the records appeared complete. Reviewed any accounts prepared from accounting records.

Results

The books and records are complete.

Conclusion / Recommendation

The accounts are being properly prepared.

K) Trust Funds (including charitable) The Council has met its responsibilities as a Trustee.

Work done

Discussed with the Clerk whether the Council is a Trustee of any Trust or Charitable organisation.

Results

It is now agreed that the Parish Council is not a Custodial Trustee and therefore there are no responsibilities in this area.

Conclusion

This section is not applicable.