

## East Huntspill Parish Council Internal Audit Report 2014-2015

Under the Accounts and Audit Regulations 2006 (which amends the Accounts and Audit Regulations 2003) the Council is obliged to carry out a review of the effectiveness of its internal controls and to report the matter to the Council. In my capacity as independent internal auditor, I have carried out a retrospective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31<sup>st</sup> March 2015.

I am pleased to report to Members that I completed my internal audit of the East Huntspill Parish Council for 2014-15 on 15th May 2015.

Members should be aware that my work cannot be relied on to identify the occasional omission or insignificant error, nor to identify breaches of trust or statute, neglect or fraud which may have taken place and which it is the responsibility of the Members of the Council to guard against.

I would like to take this opportunity to thank Bruce Poole and Jane Moreton, clerk to the council, for the assistance they have given to me in the conduct of the audit. I would also like to congratulate Bruce on the completeness of the accounts and records provided.

The Internal Audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant aspects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the council.

Members will be pleased to know that as per the previous audit, I did not find anything major to report this year and that I found the record keeping continues to be of a good standard and the Parish Council's approach to the management of risks to be sound. The only exception to this was the provision of inconsistent and inaccurate year end reports being held on file. The information included in the Annual Return were correct, but supporting reports were incorrect, presumably old versions of reports that had since been superseded.

As a result of my audit work and my discussions with your Clerk I was able to answer 'YES' to all the relevant statements contained in Section 4 of the Annual Return for 2014-15.

Internal Control objectives	Agreed?
Appropriate books of account have been properly kept throughout the year	Yes
The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted	Yes

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for	
The council assessed the significant risk to achieving its objects and reviewed the adequacy of arrangements to manage these	<b>Yes</b>
The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate	<b>Yes</b>
Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	<b>Yes</b>
Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for	<b>Yes</b>
Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements properly applied	<b>Yes</b>
Asset and investment registers were completed and accurate and properly maintained	<b>Yes</b>
Periodic and year-end bank account reconciliations were properly carried out	<b>Yes</b>
Accounting statements prepared during the year were prepared on the correct accounting basis, agreed with the cash book, were supported by and adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded	<b>Yes</b>
Trust funds (including charitable). The council has met its responsibilities as a trustee	<b>N/A</b>
For any other risk identified by the council adequate controls existed	<b>None identified</b>

During the year I have also conducted a review of some of the controls in place around the management of financial undertakings and a copy of my report is attached.

**Karen Nobes BA(hons), ACMA, CTA**  
**Polden Accountants Ltd**  
**Internal Auditor**  
**15<sup>th</sup> May 2015**



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## East Huntspill Parish Council Internal Audit Report 2014-2015

### **FINDINGS THIS REVIEW:**

The Parish Council has a statutory duty to complete an Annual Return at the end of each financial year. As part of this 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 Parish Council with an appropriate level of assurance in support of the Annual Return for 2014/15.

The Parish Council consists of 8 elected Members (and 1 vacancy), with the Parish Council meeting on a monthly basis. The Parish Council receives an annual precept of around £30,000, incurs expenditure on Creditors of around £13,000 and spends around £13,000 on salaries each year.

### **OVERVIEW:**

Overall the council have strong controls and procedures in place. The books of account are maintained on a timely basis throughout the year with a high level of attention. Most transactions were supported by documentation, were approved for payment through the council meetings and were recorded correctly. All invoices were initialled evidencing the authorisation process, most being authorised by two signatures.

### **BUDGETTING:**

A budget is prepared in advance each year and broken down into cost categories. Objective D of Section 4 of the Annual return to the Audit Commission requires adequate budgeting processes to be adopted and for the budget to be regularly monitored. Having reviewed the minutes from the council meetings, the approval of the budgets has been minuted, I also understand that these are reviewed in more detail, although little notes are minuted relating the discussions around the budgets.

I am pleased to see that the council are monitoring spending and that this seems to be a regular quarterly agenda item. It is recommended that discussions are recorded on all financial issues affecting the council and to consider reviewing the accounts each month.

### **CASH BOOK:**

The cashbook was accurate and up to date. I undertook a random check of the receipts and payments. All payments were authorised by Members and minuted appropriately.

### **BANK RECONCILIATIONS:**

The importance of regular bank reconciliations is recognised and the end of year bank reconciliation was accurate and agreed with the records I inspected. It is apparent that bank reconciliations are being reviewed on a timely basis and minuted in meetings.

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## EMPLOYER RESPONSIBILITIES:

The Parish Council operate a payroll for salary paid to both the Clerk and the Ranger. This is operated correctly each month. Tax and National Insurance is deducted from salaries correctly and paid over to HMRC monthly. As raised last year, the total amount payable each month is less than £1500, it is possible for the Council to pay this quarterly instead, although I understand that the monthly payment is preferred for reporting purposes.

## ASSET REGISTER:

The register is up to date and values amended to agree with the insurance schedule.

## SUMMARY OF RECOMMENDATIONS:

I am impressed by the level of control and monitoring undertaken by the Council and have very few recommendations for improvements.

- The Council should continue to regularly review budgets and expenditure, consideration should be given as to whether this should be monthly, particularly given the change in RFO.
- All decisions should continue to be minuted, including approval for future expenditure or attendance on training/conferences.

**Karen Nobes BA(hons), ACMA, CTA**  
**Polden Accountants Ltd**  
**Internal Auditor**  
**15<sup>th</sup> May 2015**