

ARRETON PARISH COUNCIL

INTERNAL AUDIT REPORT 2016-17

1. INTRODUCTION

All Local Councils in England are required to complete an Annual Return summarising their financial records at the end of the financial year. Section 4 of the Annual Return needs to be completed by an Internal Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

2. SCOPE OF AUDIT

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

Appropriate accounting records have been kept
Payments were supported by invoices and all expenditure reported.
VAT had been accounted for correctly and reclaimed from HMRC
Examination of budget preparation & precept setting
Inspection of bank reconciliation.
Accounts have been prepared on the correct basis.
PAYE requirements were being met.
Compliance with Transparency Code.

3. FINDINGS

- (1) The accounting record's, bank statement's and bank reconciliation for the year ended 31st March 2017 were examined and agreed. Sampled payment invoices for were agreed to bank statement entries and to accounting records. All payments made are reported to the Council on a monthly basis.
- (2) VAT expenditure has been accounted for correctly in the accounts and is subsequently reclaimed from HMRC. A VAT refund of £895.97. was received from HMRC on the 9th March 2017 and a further sum of £187 was due from HMRC as at 31st March 2017.
- (4) A proper budget process was undertaken in support of the 2017-18 precept commencing with consideration of the budget at the Council meeting on 14th November. The budget and precept for 2017-18 of £8,400 were agreed at the Council meeting on 13th February 2017
- (5) At the 31st March 2016 the Parish Councils reserves were £19,267, of which £10,089 was held in the Lloyds account. The 2016 internal audit report suggested that consideration be given to investing short term cash balances in an interest bearing account and a sum of £2,000 was transferred to the savings deposit account on 15th July 2016.
- (6) The accounts had been prepared on a receipts and payments basis, the threshold for having to produce income and expenditure based accounts (ie with accruals) is

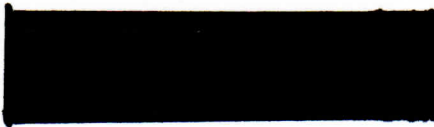
set at £200,000 and so well above the Councils level of turnover.

- (7) The Council had reviewed its insurance requirements in the year and entered an extended three year policy had been entered into with Ecclesiastical insurance.
- (8) Arrangements for PAYE are carried out by the Clerk, with deductions in respect of income tax and national insurance being paid by cheque to Her Majesty's Revenues and Customs (HMRC) on a quarterly basis.
- (9) The report of the External Auditor for 2015-16 was presented to the 12th September Council meeting. There were three issues arising from the audit concerning late approval of accounts, maintenance of the asset register and the presentation of comparative figures in Section 2 of the Annual Return. The Asset Register has been subsequently reviewed and approved at the Council meeting on 10th October 2016, comparative figures on the Annual Return for 2015-16 were restated but this had no impact on the overall financial position of the Council.

The External Auditor for the 2016-17 Annual Return is again to be BDOLP but the format of the return remains unchanged. With effect from 1st April 2017 External Auditors will be appointed for a five year period by Public Sector Audit Appointments Limited (PSAAL), a public company formed in consultation with NALC and SLCC. .

- (10) The Transparency Code for Smaller Authorities requires the publication of certain information on a website. The definition of Smaller Authority is one with turnover not exceeding £25,000 and so the code is applicable to the Parish Council. On examination of information contained on its website I am of the opinion that the Parish Council is complying with the requirements of the code.

Having regard to the above I am of the opinion that I have adequate assurance to complete and sign Section Four of the Annual Return.



GARETH HUGHES BA (Hon) CPFA

22ND MAY 2017