

NEWTON POPPLEFORD & HARPFORD PARISH COUNCIL

Internal Audit Report 2017/18

Prepared by: B Webb FCA

Internal Auditor – Appointed Tuesday 20th March 2018 minute number FC18/16a.

I confirm that I am independent of the Council and its members.

Council responsibilities

The implementation of Risk Management Controls and Governance Processes and the administration of these is the day to day responsibility of the Council's staff and members.

Internal Auditor Responsibilities

It is my responsibility to review and report to the Council and authorities as to whether its systems of financial and other internal controls over its activities and operating procedures are effective and have been consistently applied. I met with the Responsible Financial Officer, Paul Hayward, and submit my internal audit based on my review.

Work Done

My work has been carried out in accordance with auditing practice and reference to the NALC Practitioners Guide March 2018 "Governance and Accountability for Smaller Authorities in England." My report summarises my conclusions on each of the internal control objectives set out in the Annual Internal Audit Report 2017/18.

A) Appropriate accounting records have been properly kept throughout the year.

I found the accounting records to be well presented, accurate and up to date. The excel spreadsheet cashbook is regularly reconciled to the Council's bank statements and is clearly referenced back to originating documentation.

B) The council complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was accounted for.

The Financial Regulations were adopted by the Council on 31 October 2016. I reviewed the invoices that supported the expenditure in the year and the sample of invoices picked were all properly initialled as authorised by members of the Council. They agreed with the entries in the cash book. Any VAT charged on the invoices was accounted for and reclaimed from HMRC at a six-monthly interval.

C) The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

I have seen the Minutes and the Internal Financial Control Review and Risk Assessment were considered, reviewed and adopted on the 26 February 2018 in full council.

A review of the Councils Insurance policies was carried out on 20 March 2018 in full council. (Minute 18/16c).

As recommended in last year's report, the various insurance policies were all transferred into one policy on 24 June 2018.

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

The budget was discussed, proposed and approved by the finance committee on 18 December 2017.

The budget was £60,112.50 and the precept £42,500. The budget represents 141% (2016/17 164%) of the annual precept.

The budget was discussed in a timely fashion and with due consideration.

E) Review of income and VAT

I have noted that income appears to be correctly received and banked.

Grant applications that are made to external bodies are considered and approved by full council following the published Award and Assessment Policy.

The VAT is claimed regularly.

F) Petty Cash

A petty cash account is not operated by the council. any miscellaneous expenses incurred are paid through the bank in the normal way after presentation and approval of supporting invoices/receipts. I consider that this system is preferable to operating a Petty Cash account being in line with normal Council practice

G) Salaries to employees and HMRC compliance

I have reviewed the payroll and payments to staff and HMRC are in accordance with the council's approvals and legislation.

I have seen a signed valid Contract of Employment for the RFO/Clerk.

H) Asset and Investment Registers

The council holds no investments.

The Asset Register is updated regularly, and insurance cover ensured. I recommend that the council continues to review and minute any fixed asset additions and write offs in the future.

I) Bank Reconciliations

I have had sight of the bank reconciliations which are signed by a member of the council. I have ensured monthly bank reconciliations are correct.

J) Accounting Statements

I have been provided with the accounting records and they are prepared on a receipts and payments basis. I have checked and agreed details of transactions in the year to cashbook spreadsheets, bank statements, invoices, Vat and other supporting records. The RFO continues to prepare monthly "payments to be approved" schedule for ratification and approval at council meetings.

K) Trust Funds (including Charities)

The meetings of Trustee Board remain to be on an Ad Hoc basis but are more frequent than previously. The review of Trustee organisational policy and responsibilities is still not in place.

I strongly recommend that the Trustees move to holding quarterly meetings and carry out a formal review of operational and financial procedure, to be fully minuted, as soon as possible.

Overall Conclusion

From the work done I conclude that the Council appears to operate effective control systems and I have duly signed off the Internal Audit Report 2017/18 in the Annual Return.



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Dated 12th November 2018