



Clifford Parish Council

Audit Committee

20th April 2016 commencing at 7.00 p.m.
Clifford Village Hall

Agenda

1. Apologies for absence
2. To confirm the Minutes of the meeting held on Monday 16th November 2015 (*copy attached*)
3. To receive the Full-year report from the Internal Auditor and any recommendations regarding reporting or processes (*copy to follow*)
4. To agree the recommendations to full council for completion of the Annual Audit Return

Clifford Parish Council - Internal Audit Report

For the Full Financial Year 2015/ 2016



Clifford Parish Council

Audit Committee

Minutes of the Meeting Held on Tuesday 16th November 2015, commencing at 7.15 p.m.

Present: Cllr N Fawcett (Chairman), Cllr A. Shaw and Mr D. Mills (Internal Auditor).

In attendance: Mr P. Seed, Clerk

Apologies: Cllr T. Blackmore

1. Minutes

The Minutes of the meeting held on 13th May 2015, previously circulated, were confirmed.

2. Half-year Report

Received: a copy of the half-year audit report from Mr Mills It was noted that the only action point was to ensure that all cheque stubs were signed by two councillors. The clerk to ensure that this is checked after every meeting.

3. Public Contracts Regulations 2015

It was agreed to recommend to the Council that the Standing Orders be amended, as attached, to take account of the Regulations. It was noted that the changes were those recommended by NALC.

4. Financial Regulations

It was agreed that there were no amendments required to the Financial Regulations.

5. Other Business

Due to having moved out of the village, Mr Mills tendered his resignation as Internal Auditor. The Chairman thanked him for his excellent work.

Clifford Parish Council - Internal Audit Report

For the Full Financial Year 2015/ 2016

The audit covered the full financial year 2015/2016 including a randomly sampled audit of all the requirements set out in the Audit Testing document (ATD) and a detailed examination of the full year accounts and two months' records selected at random: November 2015 and February 2016.

Findings	ATD Req.	Actioned	
		Initials	Date
Book-keeping			
Cashbook entries are maintained up-to-date on a monthly basis. Accounts are printed and filed on a monthly basis.			
Records examined were all found to be arithmetically correct.			
The cashbook is balanced at each month end by reconciliation to the current account (NatWest) bank statement. <i>The internal auditor suggests that reconciliations are also made to the reserve account (Santander) and the investment/bond (Santander) bank statements.</i>	3	Agreed P.S.	
Standing Orders and Financial Regulations compliance			
Standing Orders and Financial Regulations, dated November 2015, on file. <i>'updated December 2015' hand written on the November 2015 copy.</i>	4	Updated Regs. – date needs changing	
The Clerk to the Parish Council is appointed as the Responsible Finance Officer. The Clerk's duties are as set out in the Clerk's Contract and Job Specifications, which are on file.			
All payments in the cashbook are supported by invoices, authorised and minuted. <i>Chq. 1658 £326.04, to Help For Heroes, should have been for the amount of £331.04. A further £5.00 to be paid to Help for Heroes at a future date as this amount is presently held in the Council's bank account.</i>	6	£5 added later – error by Clerk	
All inspected cheque stubs have been signed by two councillors and specify the payee.			
VAT on payments has been identified, recorded and reclaimed. <i>Two very small VAT claims had been overlooked (chq. 1657 and chq. 1680). These have been discussed with the Clerk and amended in time for the current year's VAT claim.</i>	-	Error by Clerk	
No unusual financial activity has been identified.			
Risk Management			

Findings	ATD Req.	Actioned	
		Initials	Date
Risk Register, assessment and controls, dated March 2016 on file.			
Current Hiscox insurance policy on file, indicating appropriate and adequate cover.			
Accounts are reviewed annually. Internal audits are carried out at yearly and half yearly intervals, complying with the Audit Testing of Internal Documents Controls requirements.			
The current year's precept budget was prepared in detail, total, £21,000. The council have prepared next year's (2016/17) detailed annual precept budget which totals £22,000. The Minutes indicating the agreement of the budgets are evident in the file.			
Budgetary Controls			
Expenditure against budget is recorded in the Monthly Management Report which is presented to the council on a quarterly basis.			
All variances against budget are included in the monthly management report. There are no significant unexplained variances from budget.			
Income has been correctly recorded and promptly banked.			
Income Controls			
The precept recorded agrees with the Council Tax authority's notification.			
Security controls over cash are deemed unnecessary due to the limited amount of cash handled (approximately £75.00 per annum in respect of allotment rent).			
Petty Cash			
No cash is handled on a day-to-day basis.			
Payroll Controls			
The Clerk's contract is on file.			
NALC/SLL hourly rates are on file along with evidence of the agreed rate increase for the Clerk. Calculations and payments are correct.			
The clerk's expenses are supported by receipts and approved by the council.			
PAYE calculation reports are on file and payments are on time.			
Asset Controls			
The council maintains a register of all material assets and the Current Asset Register is on file.			

Findings	ATD Req.	Actioned	
		Initials	Date
The current Hiscox insurance policy covers the value of the assets in the current register.			
Bank Reconciliation			
There are bank reconciliations for the current (NatWest) bank account and the reserve (Santander) account. There is not a reconciliation for the investment (Santander Bond) account. The latter is deemed unnecessary as there is only one transaction per year, being interest, on the same annual date.			
<p>The current (NatWest) bank account is reconciled on a regular monthly basis.</p> <p><i>The reserve (Santander) account reconciliation is undated and is not up to date.</i></p> <p><i>The Audit Testing of Internal Controls document incorrectly states that there are 'no transactions for the Santander deposit account' (Investment/Bond account).</i></p> <p><i>There is one transaction, annually, being interest.</i></p> <p><i>The Audit Testing of Internal Controls document does not state the frequency of the reconciliations for the reserve account.</i></p> <p><i>The internal auditor suggests that the two Santander bank accounts (reserve/deposit account and the investment/bond account) are reconciled at least twice a year to ensure no unexpected transactions are overlooked.</i></p>	29,30	Agreed	
<p>There are no unexplained balancing entries in the current (NatWest) account reconciliations.</p> <p><i>Interest of £73.27 credited to the reserve (Santander) account, 15th April 2015, had not been entered in the cash book/transaction sheet and had not been reported at the relevant council meeting. This has been discussed with the Clerk who has since added the income to the transaction sheet (dated 31st March 2016).</i></p>	-		
Year End procedures			
Year-end accounts are prepared on a Receipts and Payments basis as per 'Governance and Accountability in Local Councils'.			
Accounts agree with the cashbook.			
There is a full audit trail from underlying financial records to the accounts.			
Debtors and creditors – There are no uncleared transactions recorded on the year-end bank reconciliation (NatWest).			

Findings	ATD Req.	Actioned	
		Initials	Date

This report covers the findings of an audit carried out on a random sampling basis; therefore, it should not be assumed that areas of concern may not exist within the financial records which were not identified within the sample selected for audit. The audit was conducted on the accounts file and supporting relevant chequebooks and paying-in books available on 13 April 2016.

Lisa Downes
Internal Auditor
13 April 2016