

**REPORT BY THE INTERNAL AUDITOR  
FINANCIAL YEAR ENDING 31 MARCH 2017**

**Internal Auditor's Certification to Embleton Parish Council**

The Accounts and Audit (England) Regulations 2015 requires a Council to display (for a period of 30 days prior to 30<sup>th</sup> September), the Notice of Conclusion of Audit, and the relevant sections of the Annual Return in one or more conspicuous places/s, other than the minutes, and on the website, advising the public that the audit (2015/16) has been completed.

The clerk has undertaken the requirement and the Council has complied with the requirements of the Account and Audit Regulations.

The Council received an unqualified audit from the External Audit. Minor matters required to be addressed did not significantly impact on the accuracy of the Annual Statement, which confirmed the accounts and all governance documents fulfilled the requirements of the Account and Audit Regulations.

The Council duly received notice of the completion of Audit at the Meeting held on 6<sup>th</sup> September 2016, Minute No. 125/16 d.

I confirm I have, on the 25th April 2017 undertaken an internal audit for the period 1<sup>st</sup> April 2016–31st March 2017 in accordance with the Account and Audit Regulations (England) 2015 as outlined in the relevant sections of "Governance and Accountability for Local Councils" A Practitioners' Guide (England) March 2016.

I conclude and report that the Clerk/Responsible Financial Officer (RFO) has maintained a high standard of recordkeeping, which has simplified the audit process. The Council's control systems are efficient and effective and give the appropriate level of confidence, that the financial statements and reports reflect a true and accurate account of the Council's finance and governance records.

I report as follows and confirm that the Council is compliant with the Account and Audit Regulations. Any recommendations follow current practice as outlined in Financial Regulations January 2016 and Governance and Accountability for Local Councils" A Practitioners' Guide (England) March 2016

**1. Proper Bookkeeping**

The Council operates Receipts and Payments Accounts as required by the Regulations. The Cashbook is maintained and up to date. There were no arithmetical errors and there is a clear audit trail and a checking system for data input into the computerised records.

**2. Standing Orders/Financial Regulations/Transparency Code.**

The Council reviewed and adopted Standing Orders and Financial Regulations at the Council Meeting held on 18<sup>th</sup> May 2016. Min. No. 78.16

**3. Invoice procedure**

There is a clear audit trail from the financial records, supported by invoices and all payments are authorised and duly recorded in the minutes.

A random sample of expenditure was checked for accuracy and all complied with Financial Regulations.

#### **4. VAT**

Vat has been recorded and a sum of £37.02 identified and claimed for the period 1<sup>st</sup>.April 2016 to 31<sup>st</sup> March 2017 **See Note 1.**

#### **5. Sct 137 Payments**

The Council has a statutory requirement to maintain 'a separate account' of expenditure under Local Government Act 1972 section 137 by the inclusion in the cashbook of a separate accounting column. The following expenditure has been incurred under this Power and is well within the statutory limits for Embleton Parish Council.

Silver Meadows £100.00, First Responders £60, Restoration of Milestones £40.

#### **6. Risk Management**

The **Council** annually reviews all risks to which the council is exposed. The review was undertaken and the updated Risk Assessment adopted 18th May 2016 Council Meeting Min. No. 78.16

#### **7. Internal Financial Controls**

There is clear evidence by checks, dates and signatures on relevant documents e.g. invoices, financial statements, schedule of payments, bank reconciliations and chequebook stubs that the Council is in control of the use of public monies.

#### **8. Register of Interest**

Members have duly completed the Register of Interests and fulfilled their obligation to update the details annually.

#### **9. Budgetary Control**

A correct budget process is in place and the budget is monitored quarterly.

The accounting method enables immediate identification of monthly and cumulative spends to each budget heading. The financial reports presented by the RFO enable the council to readily address any budget under/overspends and if necessary make the relevant virements.

#### **10. Cash Balances at the Bank**

It is a requirement of internal audit to express a view on whether the cash reserves of the council are adequate or excessive. The balance as at 31<sup>st</sup> March 2017 is adequate to meet the future budgeted undertakings of the council.

#### **11. Income Controls**

All income is properly recorded and promptly banked and adequate measures are in force to ensure security. No cash income

#### **12. Petty Cash**

The Council does not operate a petty cash system but the Clerk's expenses are reported to the relevant meeting

#### **13. Payroll Controls**

All PAYE/NIC records are properly operated and up to date with all returns being made to HMRC to meet time scales. Payroll is undertaken externally and accuracy verified by the Clerk/RFO

#### **14. Asset Control**

There exists an extensive register of all material assets in control of the Council. The register was reviewed at the meeting 11<sup>th</sup> May 2016 Minute No. 51/16 -3.

All assets are adequately covered by insurance. **See Note 2**

**15. Bank Reconciliation**

Bank reconciliations are regularly reported to the council and this document is signed by a member. **See Note 3.**

**16. Year End Procedures**

The accounts are compiled on a Receipts and Payments method as required by the Audit Regulations

**1. RECOMMENDED that the Clerk/RFO claims the VAT applicable to the goods allocated to the appropriate budget headings where she has made purchases as an agent of the Council and the goods are for Council use. A VAT invoice should be obtained.**

**2. RECOMMENDED that in order to comply with the Account and Audit Regulations and to ensure consistency in the preparation of the Annual Return the following actions be considered:-**

**Assets in the 31<sup>st</sup> March 2016 Annual Return are listed at £3325. Audit guidance states the figure should only be altered by acquisitions and disposals and the base figure should always remain at known historic cost.**

**Assets in the 31<sup>st</sup> March 2017 are listed at £24016 this reflects insurance value.**

**An bus shelter was acquired which has been officially valued at £8000. While this is the value, which should be insured, as the Council has not incurred a payment of that amount in its accounts it is only appropriate to express the asset in the Asset Register as a Community Asset of £1. This would similarly apply to the other Bus Shelter and the parcels of land.**

**3. RECOMMENDED that the council, in order to comply with Financial Regulations 2- 2.2, adopts the practice of requiring a signature (not the chairman or cheque signatory) to verify the bank reconciliation to the respective bank statement.**



**Georgina D Airey 24<sup>th</sup> April 2017**