

ST HELENS PARISH COUNCIL

INTERNAL AUDIT REPORT 2017-18

1.INTRODUCTION

All Local Councils in England are required to complete an Annual Governance and Accountability Return (AGAR) summarising their financial records at the end of the financial year. The Annual Internal Audit section of the AGAR 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-

- Matching of financial statements to invoices and receipts
- Examination of budget preparation & precept setting
- Inspection of bank statements
- Matching of cheques to payment records.
- Examination of Risk Assessment.
- External Audit requirements.
- Compliance with Transparency Code.

3.FINDINGS

- (1)The payroll service is provided through Community Action IW (CAIW) who pay the Clerks salary and relevant deductions to Her Majestys Revenues & Customs (HMRC). CAIW also make the statutory statement submissions to HMRC.
- (2)The accounting record's, bank statement's and bank reconciliation for the year ended 31st March 2018 were examined and agreed. All payments made are presented to the Council for approval and are detailed in the Council minutes.
- (3)VAT had been accounted for correctly. A claim for a refund of VAT of £1,331.97 in respect of the period of 1st April 2017 to 31st March 2018 has been completed and submitted to HMRC.
- (4) Cheques are signed by two Councillors who also initial the cheque counterfoil. Tested cheque counterfoils all contained initials of two Councillors
- (5) The Council had prepared an annual budget in support of its precept which was considered and agreed at the Council meeting on the 12th February 2018. The decision was for the precept to remain unchanged from that of the 2016-17 year at £29,860.

- (6) The Annual Governance & Accountability Return requires the Internal Auditor to be satisfied that the Council considers the risks to not achieving its objectives. A Financial Risk Assessment dated March 2017 was examined and found to be satisfactory. It is recommended that a risk assessment is carried out in the 2018-19 financial year.
- (7) The report of the External Auditor on the 2016-17 accounts was presented to the Council at its meeting on 9th October 2017.

Smaller Authorities Audit Appointments Ltd (SAAA) have appointed PKF Littlejohn as the External Auditor for a period of five years commencing with the 2017-18 financial year. The information to be supplied to the External Auditor remains basically unchanged but there are changes in the process of audit as follows –

- (i) The Parish Council must undertake a review of the effectiveness of the system for internal control and approve the Annual Governance Statement in advance of approving the Accounting Statements
 - (ii) The Annual Internal Audit Report section of AGAR needs to be approved prior to the approval of the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2). The order of approval should be clearly documented in the Parish Council minutes
- (8) 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, so the 2017-18 financial year exceeds this threshold. There is currently (due to an apparent anomaly in the legislation), no legal requirement to comply with the Code but that situation is likely to change and therefore it is suggested that compliance is maintained.

On examination of information on the 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 the Annual Internal Audit Report section of the Annual Governance & Accountability Return.

**GARETH HUGHES
BA (Hon) CPFA**

26th April 2018