

# **ST HELENS 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-

- 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.
- 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. It is recommended that CAIW supply the Council with a copy of the monthly receipt from HMRC confirming receipt of deductions paid to them.
- (2)The accounting record's, bank statement's and bank reconciliation for the year ended 31<sup>st</sup> March 2017 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 refund of VAT of £1,378.96 for the 2016-17 financial year was claimed in March and refunded in April. This receipt will be income in the accounts for the 2017-18 financial year..
- (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 13<sup>th</sup> February 2017. The precept for 2016-17 was set at £29,860.
- (6) Section 4 of the Annual 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.

- (7) Accounting records have been kept on a payments and receipts basis which is in accordance with Audit requirements. An Asset Register is kept and this was maintained during the year.
- (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 2016-17 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, the Parish Council is complying with certain requirements of the code, but I would suggest the addition of a list of payments in the year based on the cashbook, which could be updated at the end of each quarter. All payments are currently shown within the minutes but a separate document detailing all transactions would enhance the presentation of code requirements.

Presentation of the following documents on the website would complete remaining requirements of the code –

1. Completed Sections 1, 2 and 4 of the Annual Return to the External Auditor.
2. Details of any public land and building assets (if any) that are owned.

The Clerk is aware of these requirements and has their publication planned.

- (9) The External Audit report for 2016-17 was presented to the Council at its meeting on 12<sup>th</sup> September 2016 and there was one issue arising from the audit regarding the Asset Register which is being resolved by the Clerk. The necessary action has no impact on the financial revenue accounts or reserves. The External Auditor for the 2015-16 Annual Return is again BDOLP but the format of the Annual Return remains unchanged. With effect from 1st April 2017 External Auditors will be appointed for a five year period by Smaller Authorities Audit Appointments Limited (SAAAL), a public company formed in consultation with NALC and SLCC

### **RECOMMENDATION**

That a copy of the monthly receipt from HMRC in respect of deductions paid be obtained from CAIW.

**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**

**27<sup>th</sup> April 2017**