

INTERNAL AUDIT REPORT – 2015/2016

COXHOE PARISH COUNCIL

1. Background

- 1.1. Local Councils in England and Wales (Parish Councils, Town councils) are expected to complete an annual return summarising their annual activities at the completion of each financial year.
- 1.2. One of the sections within the annual return (section 4) is to be completed by the Council's independent internal auditor, who is to give an opinion of the Council's internal controls

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined.

- 3.1 The Scope of Work covers the key control tests identified in Section 4 of the annual return.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:
- Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
- 3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with him.

4. Findings

4.1. Payroll

- 4.1.1 The Parish Council has 1 paid employee (the Clerk) who works fixed hours, and during the year employed a Children's and young Peoples Services Co-ordinator.
- 4.1.2. The Internal Auditor examined the payroll amounts for the financial year 2015/2016 and all payments had been correctly made.

4.2. Creditors

- 4.2.1. There is no separation of duties regarding Finance and Administration at Coxhoe Parish Council as the Clerk is the Officer responsible. Compensating checks are carried out as the Chair agrees the schedule of payments each month and he and another Member signs the cheques. All expenditure examined was found to be correctly recorded and accounted for with cheque numbers recorded on the schedule of payments list.
- 4.2.2. All donations paid had been agreed by the Council prior to payment being made and properly recorded in the records.

4.3. Governance/Risk Management

- 4.3.1. An Financial and Corporate Risk Assessment was carried out and agreed by the Council on 2nd September 2015.
- 4.3.2. The Risk to the Parish Council has also been improved with the appointment of an independent Internal Auditor who gives assurance on the Council's internal controls. The Clerk has adequate insurance levels in place.

4.3.3. Governance of the Council will improve as the Council has now registered for Quality Status and is working its way through this by creating and updating policies and procedures, which will give more openness and accountability for the Council.

4.4. Income collection and Banking arrangements

4.4.1. Financial Regulations of the Council state that all sums due to the Council shall be the Responsibility of the Finance Officer (Clerk).

4.4.2. Internal Audit examined all the income records for the year and confirmed that all income had been promptly banked and properly recorded.

4.4.3. The Internal Auditor confirmed the bank balances at the end of the year to the Income and Expenditure records.

4.5. Accounting Records

4.5.1. All income and expenditure is recorded in the Finance system and the Clerk carries out bank reconciliations when the bank statements are received, and are recorded with the accounts for payment sheets.

4.5.2. Financial Regulations and Standing Orders for the Council were reviewed and agreed on 6th January and 2nd February 2016.

4.5.3. The Council has purchase the Alpha Accounts System (RBS Rialtas Software) which ran in parallel with the old system during the year, and is now operating on its own, and produced the year end accounts.

4.6. Security/Assets

4.6.1. There is an Inventory held of all assets, which was completed for 31st March 2016 as a supporting statement for the annual accounts

4.7. Debtors

4.7.1. Invoices are sent out when required and debtors either pay by cash or a cheque.

4.8. Budgetary Control

4.8.1. The budget process takes about 3 months and commence each year in September with discussions and reports by the Finance Committee during October, November and December with the final report in January approved by Council. The annual budget was prepared to support the precept.

4.8.2. A Medium term financial plan was discussed at the 28th October 2015 Finance Sub Committee which determined the councils financial forecast for year to 2018.

4.8.3. When invoices are submitted to Members for payment the Clerk also presents the latest bank statements and reconciliation from the accounts system. The Bank has been instructed to send copies of the bank statements to the Chairman of the Council.

5. Conclusions/Recommendations

5.1. The procedures and Internal Controls within the Parish Council are very good and the level assurance given to the Councilors' is high.



Gordon Fletcher (C.M.I.I.A.)
Internal Auditor to the Council
Date: 27th April 2016