

Swinderby Parish Council

2016-2017 – Year to 31 March 2017

Internal Auditor's Report

This is my report as Internal Auditor for the year ended 31 March 2017.

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Specifically, its purpose is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective. It doesn't decide on those controls which are a matter for the authority nor does it involve a detailed inspection of all records and transactions for the authority.

Members should be aware that my work cannot be relied on to identify the occasional omission or insignificant error, nor to identify breaches of trust or statute, neglect or fraud which may have taken place and which it is the responsibility of the Members of the Council to guard against.

The internal audit has been carried out in accordance with the 'Code of Practice for Internal Audit in Local Government in the United Kingdom 2006' and with guidance from The Joint Practitioners' Advisory Group (JPAG) document: Governance and Accountability for Smaller Authorities in England – A Practitioners' Guide to Proper Practices dated March 2017 .

My key findings are:

		Acceptable
1	<u>Accounting records:</u> There is no evidence that a cashbook was maintained during the year nor that the bank account was reconciled during the year. Acceptable accounting records were created and brought up to date after the year end by the stand in clerk.	No Yes
2	<u>Financial Regulations, Standing Orders and Payment Controls:</u> The first step in establishing a financial system is to identify the general rules applicable at council meetings and in carrying out the council's business. The Standing Orders, Financial Regulations and other internal instructions do this. <ul style="list-style-type: none">• The council operates appropriate controls with cheque payments being agreed at council meetings.• The council is currently considering changing bank to allow payments to be made by online transfer.• VAT is being claimed back on an annual basis.	Yes Yes Yes

3	<p><u>Risk Management:</u> This is the process of addressing the risks associated with what the Parish Council do and the services they provide. Good risk management is to identify what can go wrong and take steps to avoid this or successfully manage the consequences. This is not just about financial management but about ensuring the achievement of objectives set by the council. All decisions made need to be recorded in the minutes. Risk management controls need to be established and reviewed regularly.</p> <p>I understand the council have discussed how they should address risk management but no Risk Assessment and Management document has been prepared.</p> <p>Playground Risk Assessment. – The council has a responsibility for play equipment. I have seen no evidence of a risk assessment or of regular checks.</p>	<p>No</p> <p>No</p>
4	<p><u>Budgetary Controls:</u></p> <ul style="list-style-type: none"> • A budget was prepared and discussed and used as a guide on which to set the 2016 - 17 precept. • Suitable balance of reserves was carried forward as of 31st March 2017 in the amount of £20,131. 	<p>Yes</p>
5	<p><u>Income Controls:</u></p> <ul style="list-style-type: none"> • Precept for 2016-17 was received promptly by bacs payment. • Annual VAT Refund received as well as rent from letting of field. 	<p>Yes</p>
6	<p><u>Petty Cash Procedure:</u></p> <ul style="list-style-type: none"> • There is no petty cash. Items paid personally are accounted for and reimbursed by cheque. 	<p>Yes</p>
7	<p><u>Payroll Controls:</u></p> <ul style="list-style-type: none"> • The Parish Council is registered for PAYE and is meeting all obligations to record payroll information within the 'Real Time Information' requirements of HMRC. • New government legislation requires all employers to enrol their workers into a workplace pension scheme if they're not already in one. This obligation is being introduced over a number of years, for your information the staging date for Swinderby Parish Council is 1st July 2017. The Pensions Regulator should contact you shortly to start the enrolment process. 	<p>Yes</p>
8	<p><u>Asset Control:</u></p> <ul style="list-style-type: none"> • The Asset Register is being regularly reviewed and is a full and comprehensive list. 	<p>Yes</p>
9	<p><u>Bank Reconciliation:</u></p> <ul style="list-style-type: none"> • The bank account was fully reconciled at the end of the year. 	<p>Yes</p>
10	<p><u>Year End Procedures:</u></p>	

	<ul style="list-style-type: none">• The Annual Return for 2016-17 has been properly completed and is due to be submitted to the external auditors, Grant Thornton UK LLP.	Yes
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Anne Hood MAAT

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5TH June 2017

'No' or 'Not covered' on the Annual Internal Audit Report

Authority name and reference	Swinderby Parish Council
Person carrying out the internal audit	Anne Hood MAAT

Internal Audit Objective Conclusion (A to K)	Explanation for 'No' and what the Authority is doing to address the weakness - or explanation for why 'Not covered'*
A	There was no evidence that a cash book was maintained during the year nor that the bank account was reconciled in year. After the year end, the stand in clerk brought all the information together to create acceptable accounting records and has kept this up to date.
C	While there has been some discussion about how risk management should be carried out, there was no evidence of systematic risk management processes in place.
	* (substituting for the temporary clerk who was on sick leave)

* Note: if the relevant objective is **applicable but has not been covered**, the person carrying out the internal audit must provide the Authority and the external auditor with details of:

- o why the objective has not been covered
- o when the most recent internal audit work was done in this area and
- o when it is next planned