

TICEHURST PARISH COUNCIL

Internal Audit Report 2015-2016

Introduction

1. In accordance with the Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed. These are managed, in line with the Governance and Accountability for Local Councils Practitioners' Guide (GALCP) and meet the needs of the Council. I confirm that I do not have any role within the Council and will carry out my duties without bias. The points listed below are for noting:

Audit

2. End of Year Accounts 2015-16 – The accounts are accurately presented. Receipts and Payments are properly recorded and the information produced is accurate and comprehensive. The Annual Return was checked against the supporting documents and was found to be correct. Figures in the end of year return are supported by the accounts. Bank Reconciliations are regularly completed and are correct. The Internal Control Objectives defined in the Annual Return have all been met (Item F does not apply, see note 11 below).  
I have signed page 5 of the Annual Return with no other risk areas being identified.
3. There were no issues reported in the external audit from 2014-15 that needed to be reviewed and no issues raised by the internal audit 2014-15
4. The Standing Orders and Financial Regulations will be presented to Council for review or re-adoption at the May 2016 annual meeting.
5. Risk Assessment – A Risk Assessment of the Parish Council's assets and its financial controls was completed on 3<sup>rd</sup> May 2016.
6. The Council has good internal controls in place but does not conduct a formal annual review of the effectiveness of its internal audit procedures.  
*It is recommended that:*
  - An annual review of internal audit effectiveness be completed as defined by (GALCP) that satisfies the needs of the Council.
  - Council members consider as part of the review a quarterly audit with the Clerk of key documents and a sample of financial transactions.
7. Asset Register – The register is maintained and shows cost and value insured and agrees to the annual return.
8. Insurance – The Parish Council's Insurance cover is adequate
9. Budgetary Control – Annual budget reports are prepared in support of the precept. The 2016-17 Precept and Budget were approved at the meeting on 05 Jan 2016. Members receive reports of receipts, payments twice during the year with comparisons to budget.  
*It is recommended that Council review its procedures to include with the receipts and payments comparison to budget and explanation of any significant variances a brief review of earmarked and general reserve levels.*
10. Income – The precept recorded in the minutes and on the Annual Return agrees to the Council Tax authority's notification.

11. Petty Cash – There is no petty cash system and one is not required.
12. Payments – Payments are approved and paid in line with GALP and the Councils Financial regulations.  
Vat is properly accounted for and reclaimed from HMRC.  
Council members do not sign or initial supplier invoices when approving them for payment.  
*It is recommended that Councilors also initial the invoice and the cheque stubs.*
13. Staff Wages – The Clerk has a contract of employment and conditions are reviewed annually. Payments Salary NI and Tax are administered by a payroll service provider (Honey Barret & Co) Payments to HMRC are correctly made.
14. The (cash balances) reserves total £133k including £85k of earmarked reserves. The remaining £48K is less than half of the precept. Council may wish to confirm reserve levels needed when it next reviews its financial outlook.
15. Agendas & Minutes are sent out in time and are well presented and recorded in the minute book.
16. It is noted that the figures have been produced by the Clerk in accordance with the requirements and all supporting documents have been produced for the Internal Auditor. The Clerk's co-operation aided considerably the work of this internal audit. Thank you.

Keith Robertson FCMA  
Internal Auditor  
20<sup>th</sup> May 2016