

AP Accountancy Ltd
34 Birch Valley Road
Kidsgrove
Stoke-on-Trent
ST7 4GN

Telephone 01782 444 280

**Report to Hough and Chorlton Parish Council and
Recommendations following the Internal Audit
for the Year to 31 March 2017**

Prepared by
Paul W J Evans
Chartered Management Accountant

for
The Councillors
Hough and Chorlton Parish Council

7 June 2017



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1. Terms of Reference

- A. AP Accountancy Ltd was engaged to carry out the Internal Audit of Hough and Chorlton Parish Council for the year to 31 March 2017 to enable the Parish Council to comply with its obligations under the "Public Accountability Framework"
- B. Reference was made to the following documents:
- a. Governance and Accountability for Local Councils (March 2017).
 - b. Minutes of the meetings of the Parish Council.
 - c. The accounting records of the Parish Council including supporting documents.
- C. Assessment of Risk in accordance with Governance and Accountability for Local Councils (March 2017) Section 5.101 – 5.104
- a. Items relating to each section of the Internal Audit Report were sample checked, with further checks being done where deemed necessary.
- D. Individuals contacted
- a. During the course of the Internal Audit, Sue Davies the Parish Clerk provided information and responded to our queries. We would like to acknowledge her support and helpfulness.

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2. Findings and Recommendations

Findings are only reported below where in assessing compliance with the relevant procedures and controls we deem recommendations appropriate. Items are recorded against the relevant section on the Internal Audit Report within the Annual Return

	Findings	Recommendation
1.	<p>Section B VAT</p> <p>The VAT Return has not been prepared at the date of audit.</p>	<p>A number of invoices were checked and VAT is correctly treated.</p> <p>In preparing the VAT Return, VAT can only be claimed if a valid VAT invoice is held, as detailed at</p> <p>https://www.gov.uk/vat-record-keeping/vat-invoices</p>
2.	<p>Section B Financial Regulations</p> <p>The Financial Regulations are still in draft format and have not been approved by the council</p>	<p>The Financial Regulations should be finalised and approved by the council.</p>
3.	<p>General – Approval of documents</p> <p>In a small number of instances, the minutes record that a document or payment has been approved, but the document or payment has not been signed to confirm that it is the document approved.</p>	<p>Where a document or payment is approved and the approval is recorded in the minutes, the document or invoice should also be signed or initialled to confirm it is the document approved.</p>
4.	<p>Section I Banking</p> <p>The Clerk prepares regular Bank Reconciliations, and there is evidence but there is no evidence of these being reviewed by a councillor who is not bank signatory. However the review has not always been recorded on the bank reconciliation</p>	<p>The Bank Reconciliations should be reviewed on a quarterly basis (at least), and signed and dated by the reviewer to confirm that this has been done</p>

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3. Schedule of work and observations

Section	Observations
1. Appropriate books of account have been properly kept for the period.	The Council maintains a detailed ledger book, which contains details of all transactions made. This appears to be routinely updated on a timely basis throughout the year.
2. On the basis of the papers provided to me the council's financial regulations have been met. Payments were supported by invoices and authorised in the council minutes.	Having tested a number of transactions, I can confirm that supporting documentation was available for the selected transactions, and that these had been appropriately authorised in the Council minutes.
3. The council have presented risk reviews which I have not tested, but which appear to assess the risks facing the council and appear to provide adequate arrangements to manage these identified risks.	The Risk Register has been reviewed, updated and approved on 12 May 2017. Minute 16-177 refers. The Risk Register states that there is a quarterly internal audit of banking procedures by a Councillor who is not a signatory. Evidence shows that three of the four quarters have been audited. The final quarter should be evidenced as being audited.
4. Progress against the budget has been regularly monitored and reserves appear appropriate.	Each month the Clerk prepares a statement of expenditure against the Precept alongside the Bank Reconciliation. There is evidence that this is independently reviewed. A variance report for 2016/17 has been prepared.
5. Expected income has been received, properly recorded and promptly banked.	The main source of income is the Precept, which has been received in accordance with the expected amount. This was paid directly into the bank in two instalments Other income consists of grants received and a small amount of bank interest.
6. Petty cash expenditure was properly recorded and supported by receipts.	Not Applicable - There is no petty cash float in operation
7. VAT has been correctly recorded and claimed.	The claim for 2016 / 17 has not yet been prepared. A number of invoices were checked and VAT is correctly treated. The Council is reminded that VAT can only be claimed if a valid VAT invoice is held.
8. Salaries to employees and allowances to members were paid in accordance with council approvals and PAYE and NI requirements were properly applied	PAYE records reviewed and compliant. Relevant payments test checked and found to be approved in the minutes. Minute 16.41.4 refers Evidence seen that the Council has complied with Auto Enrolment Pension Duties

<p>9. Asset and investment registers were properly maintained.</p>	<p>The council does not maintain investments outside of the bank accounts.</p> <p>An asset register has been completed as at 31 March 2017 which has not yet signed by the council. This has been made available for the audit, and it can be seen that this was approved by the Council at the meeting 13 April 2017. Minute 16-178-3 refers.</p>
<p>10. Periodic bank reconciliations were properly carried out</p>	<p>Reconciliations are completed on a monthly basis by the Clerk, and are reviewed by a member of council on an ad hoc basis.</p> <p>It is recommended that this should be done on a regular basis throughout the year with at least 4 reconciliations reviewed during the year.</p>
<p>11. Payments to staff have been authorised by the council.</p>	<p>A number of payments throughout the year were checked to the Minutes and found to be properly authorised.</p>
<p>12. Accounting statements prepared during the period were prepared on the correct accounting basis (receipts and payments), agreed with the cash book and were supported by underlying records</p>	<p>Reviewed and Agreed</p>
<p>13. Trust Funds (including charitable). The council met its responsibilities as a trustee.</p>	<p>Not reviewed as the council state they do not have any trust funds.</p>