

## **Internal Audit – Wreningham Parish Council April 2018**

**Covers the accounts for 01/04/17 to 31/03/18 and internal controls between those dates**

### **Audit Approach**

The audit took place 28<sup>th</sup> April 2018.

### **The audit included a check of:**

- Bank payment and income records and practice.
- The Clerk's expense record.
- Spend approvals, including cheque stub signatures and Council minutes.
- Accuracy of the annual accounts.
- Adherence to the Council's Financial Regulations.
- The 2016/17 precept calculations.
- The currency of the council's policies and procedures, including the asset register and the risk assessment.
- Vat returns.
- Financial reporting to the Council.
- Contract procurement.
- Employment matters – PAYE/NIC.

### **The audit did not cover:**

- A full governance audit - a review of all policies and procedures and checking that no actions of a potentially unlawful nature have been or are being considered for implementation.

**Audit issues not relevant to the Council and hence not covered:** Petty cash and investment and loans.

### **Summary Conclusion:**

I gauge the Council's internal controls as '*good*' overall and '*good/strong*' for financial matters.

I am able to sign off the internal audit part of the Annual Return.

## **Detailed Conclusions and Recommendations**

### **1) Annual return**

I am able to "sign off" the Internal Audit Certificate Section of the Annual Return and am able to make positive responses in all relevant areas – saving absence of two authorisation initials to a minority of cheque stubs.

Action point for Wreningham Parish Council's (WPC) consideration: see 7.2

### **2) Book-keeping, Bank Reconciliations and Year-End Financial Statements**

1. WPC maintains an easy to follow, thorough and reassuring track of its financial transactions and balances.
2. Checks found the WPC cashbook reconciles with bank statements.
3. Periodic and year-end bank reconciliation was properly carried out and reported.
4. Checks show the year-end financial statement provides an accurate account of the WPC financial performance and balances.

I have checked and agreed the detail to the relevant underlying records in the Statement and the Annual Return, with no issues arising warranting further comment or amendment.

### **3) Application of Financial Regulations including Payment Controls**

1. Checks show good application of WPC Financial Regulations and Payment Controls.
2. The recording of receipts and authorization of spend is accurate, although cheques (ref 100193-100200) did not have the required two authorization initials.

3. The 2018/19 precept calculations were discussed and agreed in line with policy.
4. Vat returns/reclamation were undertaken in line with HMRC practice.

#### **4) Risk management arrangements**

My aim here is to ensure that WPC has put in place appropriate arrangements to identify potential areas of risk whilst also ensuring that appropriate arrangements exist to monitor and manage those risks.

1. Play inspections are reported to WPC and acted on.
2. Apart from Tree Warden Inspections, risk assessments are current (General Risk last updated March 2018).
3. Insurance cover is in place and covers the array of cover one would expect including: public liability, product liability and pollution, employers' liability, official's indemnity and legal expenses. The sum insured covers present assets replacement values.

#### **5) Payroll records and controls**

1. The Clerk's wages and expenses are clearly tracked, approved and signed off as part of the WPC financial control process.
2. Wage and staff expenses in WPC annual accounts match the Annual Return Accounting Statement.
3. Appropriate PAYE and NIC practice in place.

#### **6) Asset and investment registers**

1. The PPM shows the Asset Register was updated in March 2017. However, WPC minutes for March 2017 do not mention any asset review.
2. The 'figures insured' in the Zurich insurance schedule covers the replacement values in the Asset Register.

#### **7) Policy and Procedures Manual (PPM) – Corporate Governance**

1. WPC operates a planned and traceable means for reviewing and updating its policies and procedures.
2. The relevance, functionality and continuation of the Diamond Jubilee Community Orchard Group (terms of reference in the back of the PPM) warrant consideration by WPC.

#### **8) Contract procurement - Nothing to report.**

#### **9) Employment matters - review of pay, contract of employment, training**

The Clerk has a contract, has received funded GDPR training and meets monthly with the WPC chair to address issues.

#### **10) Moving forward**

WPC needs to gauge that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, gauging each of the following:

- • the scope of internal audit;
- • independence;
- • competence;
- • relationships with the clerk and the authority; and
- • audit planning and reporting.

If re-appointed at the May 2018 WPC meeting I will be checking the financial position and compliance of WPC to its internal controls at the end of the financial year 2018/19.

*Trevor Wadlow*