

Section 4 – Annual internal audit report 2016/17 to

West Wycombe Parish Council

The council's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended **31 March 2017**.

The internal audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal audit control and, opposite, are the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

	Agreed? Please choose from one of the following:		
	Yes	No	Not covered
A Appropriate books of account have been properly kept throughout the year.	Yes		
B This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was correctly accounted for.	Yes		
C This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes		
D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored: and reserves were appropriate.	Yes		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes		
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT was appropriately accounted for.	Yes		
G Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals and PAYE and NIC requirements were properly applied.	Yes		
H Asset and investment registers were complete and accurate and properly maintained.	Yes		
I Periodic and year-end bank account reconciliations were properly carried out.	Yes		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts & payments or income & expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate debtors and creditors were properly recorded.	Yes		
	Yes	No	Not applicable
K Trust funds (including charitable). The Council met its responsibilities as a Trustee			✓

For any other risk areas identified by the Council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

None identified.

Print name of person who carried out the internal audit: Lesley M Hewitt

Signature of person who carried out the internal audit: _____ Date: 25/4/16

* If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

WEST WYCOMBE PARISH COUNCIL FINAL REVIEW & INTERNAL AUDIT FINANCIAL YEAR 2016/17

1. Introduction

This brief report outlines the conduct and results of my annual review and internal audit of West Wycombe Parish Council's (WWPC) accounts for the financial year 2016/17. The purpose of the review was to examine the accounts and documentation available for the year and the year-end accounts.

The annual internal audit, carried out on 25 April 2017 examined the accounts up to the end of March 2017 and the year-end accounts including:

- the start of year accounts and the annual risk assessment;
- the annual budgeting process;
- the finalised budgets and precept request for 2017/18.

2. Method

The following tasks were carried out:

- Two sets of minutes were selected at random and the financial actions specified within them traced through the Cash Book and supporting paperwork;
- All minutes for the financial year were scanned;
- The accounts was examined for each month;
- The final accounts were examined;
- The (computerised) Cash Book, Burial Records, Insurance Certificate and the adopted *Standing Orders, Financial Regulations and Procedures for the conduct of Parish Council meetings* (the Standing Orders) were examined.

3. Final Report

I applied the key control tests provided in the *Suggested Approach to Internal Audit Testing* and the results were as follows:

- The cash book was found to be maintained, arithmetically correct and regularly balanced;
- Standing orders and financial regulations have been adopted and applied and there are appropriate controls applied to payments;
- VAT has been identified, recorded and reclaimed;
- Risk management arrangements are in place and a Risk Register is maintained;
- The Council has prepared an annual budget in support of its precept, expenditure is regularly reported and significant variances have been adequately explained;
- Income has been properly recorded and promptly banked, the precept for 2016/17 was as expected and there are effective controls over cash;
- Petty cash procedures have been adhered to;
- The salary for the Clerk/RFO which was approved by the Council has been paid, as have expenses incurred. Since 1 September 2009 the Clerk has been employed by the Council which makes PAYE and pension payments for her;
- All bank accounts have been reconciled regularly, statements have been placed on file and no unexplained balancing entries were identified;

- There is an audit trail of cheque numbers and numbers identifying receipts between the Cash Book and the filed underlying documents. Debtors and creditors have been recorded.

Inspections of the playground are being carried out annually in May/June each year.

4. Implementation of improvements

There were no recommendations last year.

5. Recommendations

There are no recommendations for improvement this year.

6. Summary

I have no concerns about the accounts and I am satisfied that I can complete a satisfactory Annual Report.

As usual, the quality of the bookkeeping and filing has made my task very straightforward and ensured that the audit has proceeded smoothly.

Lesley Hewitt
Internal Auditor to WWPC
24th April 2017

Type of audit	Covering period	Date carried out
Final Review & Internal Audit	April 2016 to March 2017	25/4/17

Internal control	Suggested tests	Result
Proper bookkeeping	Is the cashbook maintained and up-to-date	Yes
	Is the cashbook arithmetically correct	Yes
	Is the cashbook regularly balanced	Yes, monthly
a) Standing orders and Financial Regulations adopted and applied; and b) Payments controls	Has the Council formally adopted standing orders and financial regulations	Yes. Existing SOs are used in conjunction with New Model SO issued by NALC in summer 2011. New Code of Conduct adopted 6/9/12. Revised Financial Regulations adopted 11/6/15 (M218.9).
	Has a Responsible Financial Officer been appointed with specified duties	Yes, the Clerk
	Have items or services above a de minimis amount been competitively purchased	Yes, as far as can be ascertained. Quotes for annual ground and other outside maintenance have been requested from contractors this year and annual contracts awarded. 3 contractors appointed for groundwork. (M233.7) 10/11/16.
	Are payments in the cashbook supported by invoices, authorised and minuted	Yes
	Has VAT on payments been identified, recorded and reclaimed	Yes. £2828.73 was refunded for FY 2015/16. Paid 24/4/16. Claim for FY 2016/17 is £2481.98.
	Is s137 expenditure separately recorded and within statutory limits	Yes – Poppy wreaths recorded. (M233.6)
Risk management arrangements	Does a scan of the minutes identify any unusual financial activity	No.
	Do the minutes record the Council carrying out an annual risk assessment	An updated risk register has been prepared dated 22/3/17. WDC requested an inspection of PPF (M227.1) 14/4/16. The Pedestal Play Area Inspection annual inspection of the Playing Field, its equipment and facilities – report circulated 14/7/16. - M230.3 record changes needed in accord with BS manufactory standards as recommended by Inspector. - inspector also noted that disabled access was not easy. Health & Safety Risk Assessment for Parish & Pedestal PF prepared. Adopted 14/7/16. (M230.8).

		<p>Cllr. Cope has taken responsibility for monitoring the equipment. (The regular monitoring reports were not available to the Auditor.) Council agreed to adopt the risk assessment of PPF (M231.6) 8/9/16. Council recognises that Data Protection & Information Security policies are needed (M228.12) Data Protection registration renewed and put on Direct Debit (M236.1). Other policies adopted (M229.6).</p>
	Is insurance cover appropriate and adequate	<p>As far as can be ascertained. Asset Register last revised 1/4/17. Assets listed in Ins. Document. Insurance renewed annually on 1st June. Zurich no longer providing a satisfactory policy. Quotes obtained (M228.1) 12/5/16 and new policy with Hiscox based on Asset Register. Cost of £797.97.</p>
	Are internal financial controls documented and regularly reviewed	Yes
Budgetary controls	Has the Council prepared an annual budget in support of its precept	<p>Yes. 8/9/16 (M231.8) – budget for 2016/17 issue raised. 13/10/16 (M232.8) –Budget discussion began – main purchase likely to be flashing speed signs for Chorley Road. 8/12/16 (M234.6) f- further discussion. (M235.5) – precept set for 2017/18 at £42,000 with planned expenditure of £57,930. Opening balance for 2017/8 will be £24,000.</p>
	Is actual expenditure against the budget regularly reported to the Council	Yes, expenditure against budget recorded regularly by Clerk.
	Are there any significant unexplained variances from the budget	No.
Income controls	Is income properly recorded and promptly banked	Yes

	Does the precept recorded in the cashbook agree to the District Council's notification	Yes. £40,500 Precept plus £1,274.57 Community Tax Support Grant (CTSG). - April - £21,524.57 received - Sept. - £20,250 received. Devolved services funds from BCC was £2,033.59 for whole year 2016/7 received 26/3/16. April 2017 - £2033.58 – devolved funds received for FY 2017/18.
	Are security controls over cash adequate and effective	Yes. Council/Chairperson approves all payments.
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts	Yes
	Is petty cash expenditure reported to each Council meeting	Yes
	Is petty cash reimbursement carried out regularly	Yes, monthly.
Payroll controls	Do salaries paid agree with those approved by the Council	Yes. Clerk has been employed by WWPC since Sept 09. (M229.1) 9/6/16 NALC salary award noted. April 2017 – Pay & pension increased, Tax decreased as Clerk's Tax code has changed.
	Are other payments to the Clerk reasonable and approved by the Council	Yes.
	Has PAYE/NIC been properly operated by the Council as an employer	Yes. Council & Clerk's own pension contributions paid each month to BCC. Clerk pays tax but not NIC.
Asset controls	Does the Council keep an asset register of all material assets owned	Yes.
	Are the Asset/Investments registers up-to-date	Yes. Last dated 1/4/17 with additional assets, including a new seat for the PPF.
	Do asset insurance valuations agree with those in the asset register	Yes. Current valuation is £112,801. Insurance renewable 1st June each year.
Bank reconciliation	Is there bank reconciliation for each account	Yes
	Is bank reconciliation carried out regularly on the receipt of statements	Yes. Monthly
	Are there any unexplained balancing entries in any reconciliation	No
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts & Payments/Income & Expenditure)	Yes (R&P). 2016/17 Year-end accounts prepared and sent to Counsellors. Presented and approved at April meeting on 6/4/17 (M238.8).
	Do accounts agree with the cashbook	Yes.

	Is there an audit trail from underlying financial records to the accounts	Yes, invoices numbered and date of receipt recorded.
	Where appropriate, have debtors and creditors been properly recorded.	Yes. None outstanding.

Notes:

- **Deaths, Burials & Memorials** - During the year a memorial was erected for Mr Podesta, Mrs Webster's ashes (a payment of £175 recorded) were buried as reported on 12/5/16. 9/3/17 Memorial fees received of £218 for Yandell & Manning. No deaths registered this year.
- Year End balance of £13,942.75. There is a significant reserve as the Council is saving to replace street lighting, play equipment & to take on more devolved services when required.

**WEST WYCOMBE PARISH COUNCIL
INTERNAL AUDIT PLAN
FINANCIAL YEAR 2017/18**

For the financial year 2017/18 the following internal audit activities are planned:

1. July 2017 – Interim review

- Examine the start of year accounts and the annual risk assessment.

2. During the year – Review of transactions

- Two sets of minutes selected at random and the financial actions specified within them traced through the Cash Book and supporting paperwork.
- For the months concerned, all financial transactions will be followed through the bookkeeping and the supporting paperwork and documents examined.

3. April/May 2018 - Annual review

Examine the accounts and documentation available for the financial year 2017/18 and the year-end accounts including:

- the annual budgeting process;
- the finalised budgets and precept request for 2018/19;
- scanning all minutes for the financial year;
- the accounts for each month;
- the final year-end accounts; and
- the Cash Book, Burial Records, Insurance Certificate and the adopted *Standing Orders, Financial Regulations and Procedures for the conduct of Parish Council meetings* (the Standing Orders).

Apply the key control tests provided in the *Suggested Approach to Internal Audit Testing*.

4. Recommendation of any improvements

If necessary, recommend any improvements to the Council.

Lesley Hewitt
Internal Auditor to WWPC
25 April 2017