

INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2016/17


The internal audit was carried out by undertaking the following tests in the Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.


.....
JDH Business Services Limited

INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2016/17

ISSUE	RECOMMENDATION	FOLLOW UP
<p>1 A number of errors were identified in the year end accounts, cash book and bank reconciliation:</p> <ul style="list-style-type: none"> - Petty cash deposited had been incorrectly included in the receipts and payments cash book - The difference between petty cash per the petty cash book in 2015/16 and the actual amount deposited had not been correctly accounted for - 2 Cheques totaling £950 that had been reissued and therefore the originals cancelled were included twice in the cash book - Cheque 500754 was entered incorrectly in the cash book (difference 50p) - A balancing figure had been included in the payments cash book for £7.52 	<p><i>The accounts and the bank reconciliation have been balanced, and the correct annual return figures provided to the clerk</i></p>	
<p>2 Fixed assets in the annual return have increased from £636775 in 2015/16 to £824225 in 2016/17 which is the insurance value. No fixed assets have been purchased in the year according to the asset register.</p> <p>The previous fixed asset register has been mislaid by the previous clerk., therefore the</p>	<p><i>Fixed assets in 2014/15 and 2015/16 were recorded and accepted by external audit as £636775. As no additions or disposals are recorded in the asset register for 2016/17 the figure should remain as £636775.</i></p> <p><i>Therefore, the council should amend the</i></p>	

INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2016/17

	ISSUE	RECOMMENDATION	FOLLOW UP
	council are using the assets recorded on the insurance schedule.	<p><i>annual return figure to £636775 for 2016/17.</i></p> <p><i>The council need to set up a task and finish group to identify all assets owned by the council and record then in a formal asset register including description, date purchase, location, value, method of valuation, and custodian</i></p>	
3	The March 2017 minutes indicate a significant programme of renovations are to be carried out to the hall. There is no mention of cost or of potential VAT implications.	<p><i>The council need to ensure they are aware of the VAT notice 749 and the partial exemption rules. If the level of VAT reclaimed relating to exempt activity (and hall hire is exempt activity) exceeds £7500 in any one year then none of the VAT relating to the exempt activity (eg VAT on hall renovations) can be reclaimed. There are actions the council can take such as opting to tax but these would need to be discussed with a VAT specialist.</i></p> <p><i>If the contract is going to result in VAT on exempt activity exceeding £7500 the council will need to assess the VAT implications.</i></p>	

INTERNAL AUDIT REPORT
SHAVINGTON-CUM-GRESTY PARISH COUNCIL
2016/17

	ISSUE	RECOMMENDATION	FOLLOW UP
4	The year end bank statement was not provided for the hall bank account. The accounts were balanced to an earlier date as a phone call confirmation was received from the bank that no other transactions had occurred in the bank account after the date of the last statement.	<i>In future year end bank statements should be secured BEFORE producing the year end accounts and bank reconciliation</i>	