

Annual Internal Audit Report 2017/18

SOUTH LENCHES PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority'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 control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

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

K. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

21/02/2018

Name of person who carried out the internal audit

Duncan Edwards FCPFA, CIA, MAAT

Signature of person who carried out the internal audit



Date

16/05/2018

*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).

**Note: 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, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

SOUTH LENCHES PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2018, that:

	Agreed		'Yes' means that this authority:
	Yes	No	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓
			has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

12/18 - 12.5b

14/05/2018

dated

Signed by the Chairman and Clerk of the meeting where approval is given:

Chairman

[Signature]

Clerk

[Signature]


Section 2 – Accounting Statements 2017/18 for

SOUTH LENCHES PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	26,489	31,320	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	9,800	10,004	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	9,535	4,063	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	3,835	3,860	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	10,669	13,140	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	31,320	28,387	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	31,320	28,387	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	20,318	20,394	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets.
		✓	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer


Date 14/05/2018

I confirm that these Accounting Statements were approved by this authority on this date:

14/05/2018

and recorded as minute reference:

12/18-12.5C

Signed by Chairman of the meeting where approval of the Accounting Statements is given



Explanation of variances. SOUTH LENCHES PARISH COUNCIL.

County area Worcestershire (local councils and parish meetings only):

Section 2	2016/17 £	2017/18 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
Box 2 <i>Precept or Rates and Levies</i>	9800	10004	+204	2.08%	Nil
Box 3 <i>Total other receipts</i>	9535	4063	-5472	57.3%	£-5472: Increase of 321 VAT repayment Purchase of 30 VAS Battery Increase of £2 interest bank A/C. =£353 Decrease of 5480 grants Decrease of 339 to Lengthsman Decrease of £4 donation use of A3 printer by neighbouring PC. Offset by purchase of BT Kiosk £2 =£5825 £5485 - £353 = £5472.
Box 4 <i>Staff costs</i>	3835	3860	+25	0.65%	Nil.
Box 5 <i>Loan interest/ capital repayments</i>	31320	28387	-2933	9.36%	Nil
Box 6 <i>All other payments</i>	10669	13140	+2471	23.16%	Increase of £2471 accounted for as follows: a) £1826 due to replacement costs of part of the multi play unit, replacement bark and maintenance work. b) £583 increase in VAT repayments. Total of: £2409 Total amount explained £2409 The remaining unexplained amount is less than 15% of 2017 figure.
Box 9 <i>Total fixed assets & long term investments & assets</i>	20318	20394	+76	0.37%	Nil
Box 10 <i>Total borrowings</i>	0	0	0	0	Nil
Explanation for 'high' reserves	<p>Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:</p> <p>Earmarked:</p> <p>a) <u>Renewals:</u></p> <ul style="list-style-type: none"> •Effective programme for the replacement of play equipment. £2000. •Replacement of Village Pool road surface. £500 •Replacement of Assets. £3700 •Replacement of Bus Shelters x 2. £4000 <p>b) <u>Insurance reserve</u> – in case of a claim the Council may need to meet the excesses not covered by insurance. £150</p> <p>c) <u>Election costs</u> - If 4 yearly elections are contested or a bye-election called. £273.</p> <p>TOTAL =£10,600</p> <p>General: £10,000.</p> <p>Remaining £7763.73 in current account. £3572.68 allocated grant funding; remaining £4191 allocated to 2018-19 funds i.e. £2000 to contingency budget heading; £2000 to the play area, remaining £191 in account.</p>				

SOUTH LENCHES PARISH COUNCIL.

Bank Reconciliation for the period ending:

	Current a/c at 31.03.18	10943.92
add	Deposit a/c at 31.03.18	20623.35
less	cheques paid uncleared:	-3180.19
plus	cheques received uncleared:	0.00
	balance C/F	28387.08

	Opening Balance.	31319.71
add	receipts for period 01.04.17 - 31.03.18	14057.34
add	interest on Deposit a/c	9.89
less	payments for period 01.04.17 - 31.03.18	-16999.86
	balance per cash book at 31.03.18	28387.08

Signed by Chairman: 

Dated: 18/5/2018