

## Annual Internal Audit Report

(To be read in conjunction with Section 4 of the Annual Return)

Name of council:	Ashton Parish Council		
Name of Internal Auditor:	David Harries	Date of report:	19 April 2016
Year ending:	31 March 2016	Date audit carried out:	18 April 2016

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the staff and management and not left for internal audit.*

**The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.**

### **To the Chairman of the Council:**

Ashton Parish Council has seven councillors with a quorum of three, serving an electorate of 329. A Budget/Finance Working Group has been established. There are no committees.

Standing Orders and Financial Regulations, based on the NCALC Model were reviewed and confirmed on 13 May 2015.

The council adopted and confirmed the General Power of Competence on 13 May 2015 in accordance with the Localism Act 2011.

Reviews of policies and procedures for grants, management and financial risk assessment, internal controls and audit were considered and confirmed on 13 January 2016.

The clerk has a contract in accordance with the agreed national scales of pay. He has also been appointed as the Responsible Finance Officer (RFO).

The council now has a web site that includes minutes and the required transparency information. A transparency grant of £382 assisted towards the establishment of this site.

No issues were raised on the Annual Return for 2013-14.

A loan of £29,000 from the Public Works Loans Board (PWLB) was received in September 2011 in order to fund the replacement and upgrading of the street lighting. The loan is repayable over a period of ten years, and this is taken into account when considering the budget and setting the precept.

A precept of £13,648 was agreed on 12 November 2014 after careful consideration of likely expenditure in 2015/16. This was an increase of £1,648 over the previous two years. The Budget Working Group provides a detailed examination of future budget proposals before being considered by the Council.

The final accounts and Annual Return - Section 1 Governance Statement and Section 2 Statement of Accounts were agreed on 13 April 2016. The Annual Return, together with a final

bank reconciliation and an explanation of the significant variations would be submitted by the due date.

The council is registered with HMRC, and PAYE/NI is paid and recorded. A payroll service provider is used to calculate the salary and all appropriate payments.

A computerised Excel system is used as the main ledger. Each item of approved expenditure is recorded in the Minutes, showing the date, payee, cheque number, amount and VAT. Cheque stubs are initialled by the two signatories and cheque numbers and dates of payment are noted on invoices. Bank statements are reconciled.

Invoices and payments, as well as an accounts spreadsheet are available at each council meeting. **However, whilst the Finance Working Group did carry out some scrutiny of the Council's financial transactions - receipts and payments - at the half year stage, there was no evidence in the form of reports or signed checklists of any checks having been carried out by the Internal Control Councillor (ICC).**

There is no petty cash account.

VAT claims are made annually, in December or January.

The council resolved to update the bank mandate signatories on 13 May 2015.

The council receives around £4,000 p.a. related to the nearby wind farm. This is a capital grant paid to five local parishes based on the size of the electorate, with community benefits criteria for which the council must bid each year. The council invite local inhabitants to submit bids or ideas for the appropriate use of these funds.

The 'Hut Land' was left to the village in 1926. It is owned by the council but is a separate registered charity to which the council appoint two representatives to the management committee. The land is used and run by the Allotment Association.

Insurances are reviewed annually. From September 2015 the council changed to Zurich insurance, which includes fidelity cover of £100,000. The Asset Register was reviewed on 13 January 2016 and is maintained at original purchase prices.

**Declarations of interest are recorded in the minutes but do not always include the reason for such a declaration.**

Overall, I am satisfied that effective systems of control are in place, and I have signed Section 4 of the Annual Return accordingly.

*This report is based on the evidence made available to me. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. Consequently the report is limited to those matters set out above.*

David Harries, Internal Auditor to the Council  
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The figures submitted in the Annual Return are:

	Year ending 31 March 2015	Year ending 31 March 2016
1. Balances brought forward	13008	14506
2. Annual precept	12000	13648
3. Total other receipts	9783	13909
4. Staff costs	2898	3744
5. Loan interest/capital repayments	3387	3387
6. Total other payments	14000	22502
7. Balances carried forward	14506	12430
8. Total cash and investments	14506	12430
9. Total fixed assets and long term assets	50663	58215
10. Total borrowings	20294	17370

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Local Councils – A Practitioners’ Guide (England) 2014*. It is a guide to the accounting practices to be followed by local councils, and sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from <http://www.northantscalc.gov.uk/?p=253>

Please note that Sections 1 – 4 have recently been updated and can be downloaded from

<http://slcc.co.uk/bookstore/details/governance-and-accountability-for-smaller-authorities-in-england-2016/95/>