

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:	10 April 2017
Year ending:	31 March 2017	Date audit carried out:	10 April 2017

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:

1. Introduction and Background

I carried out an audit of Ashton Parish Council on 10 April 2017; my thanks to the Parish Clerk/RFO, John Marshall, and Internal Control Councillor, Carl Johnson, for their time and assistance.

Ashton Parish Council has seven councillors with a quorum of three, serving an electorate of around 340. A Budget/Finance Working Group has been established. There are no committees with delegated powers.

Standing Orders and Financial Regulations, based on the updated NCALC Model were reviewed and confirmed on 11 May 2016. The council adopted and confirmed the General Power of Competence on 13 May 2015 in accordance with the Localism Act 2011.

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 has a web site that includes minutes and the required transparency information.

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.

Reviews of policies and procedures for grants, health and safety, management and financial risk assessment, internal controls and audit, were considered and confirmed on 8 February 2017.

A precept of £14,800 was agreed on 11 December 2015 after careful consideration of likely expenditure in 2015/16. This was an increase of £1,152 over the previous year. The Budget Working Group provides a detailed examination of future budget proposals before being considered by the Council.

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.

The council receives around £4,000 p.a. from EDF 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 ideas for the appropriate use of these funds, based on the council's published grants policy, from local inhabitants.

No issues were raised on the 2015-16 Annual Return. The 2016-17 final accounts and Annual Return - Section 1 Governance Statement and Section 2 Statement of Accounts would be agreed on 12 April 2017. The Annual Return, together with final bank reconciliation and an explanation of the significant variations would be submitted by the due date.

2. Issues for Consideration

Invoices and payments, as well as an accounts spreadsheet are available at each council meeting and, since my previous report was considered, there is now clear evidence that regular checks have been carried out by the Internal Control Councillor (ICC).

A Transparency Grant of £240.30 was obtained specifically to meet the cost of the additional time required for the clerk to meet the requirements of the Transparency Code. This additional payment has not been made to the clerk.

The council does not use online banking, but the clerk has online access to the bank account in order to check payments and balances. This facility triggered the bank to erroneously issue cards to all named signatories which, although destroyed, raises the question of whether online payments could be made by any one signatory.

3. General Conclusion

Notwithstanding the comments at paragraph 2 above, through examination of evidence and questioning, I tested the internal controls and 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 2016	Year ending 31 March 2017
1. Balances brought forward	14506	12430
2. Annual precept	13648	14800
3. Total other receipts	13909	7836
4. Staff costs	3744	4095
5. Loan interest/capital repayments	3387	3387
6. Total other payments	22502	13647
7. Balances carried forward	12430	13937
8. Total cash and investments	12430	13937
9. Total fixed assets and long term assets	58215	58882
10. Total borrowings	17370	14377

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.nalc.gov.uk/library/publications/803-governance-and-accountability-with-appendix/file>