

## Annual Internal Audit Report 2017/18

### SANDHURTON 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.	<input checked="" type="checkbox"/>		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>		
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.	<input checked="" type="checkbox"/>		
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>		
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>		
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.	<input checked="" type="checkbox"/>		
<b>K. (For local councils only)</b>			
Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

29/04/2018

Name of person who carried out the internal audit

GORDON FLETCHER (C.M.I.I.A.)

Signature of person who carried out the internal audit

G. Fletcher

Date

29/04/2018

\*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).

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## Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

SANDHUTTON 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, declare that the 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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 election rights in accordance with the requirements of the Accounts and Audit Regulations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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:

18/04/18

dated

21/5/2018

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

Chairman

Clerk

## Section 2 – Accounting Statements 2017/18 for

	Year ending		Notes and guidance
	31 March 2017	31 March 2018	
1. Balances brought forward	7398	8671	Please round all figures to nearest £1. Do not round half pence down and report £0 or £0.50 as £0. All figures must agree to underlying financial records.
2. (+) Precept or Rates and Levies	3600	3600	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	1589	216	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	2074	1953	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	1842	2800	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	8671	7735	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	8796	8351	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	3100	4277	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 PMLB).
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.
		X	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

*Torac*

Date 31.5.2018

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

31st May 2018

and recorded as minute reference: 18/0472

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

*[Signature]*

**Reconciliation between Box 7 and Box 8 in Section 1 - pro forma**  
 (applies to Annual Returns prepared on an income and expenditure basis only)

**SANDHUTTON PARISH COUNCIL**

There should only be a difference between Box 7 and Box 8 where the Annual Return has been prepared on an income and expenditure basis and there have been adjustments for debtors/prepayments and creditors/receipts in advance at the year end. Please provide details of the year end adjustments, showing how the net difference between them is equal to the difference

		£	£
<b>Box 7: Balances carried forward</b>			<b>7,735</b>
<b>Deduct:</b>	<b>Debtors</b>		
	• Sundry Debtors		
	HMRC -Vat due	28	
		<b>28</b>	
<b>Deduct:</b>	<b>Payments made in advance (prepayments)</b>		
	• Pre payments	38	
<b>Total Deductions:</b>		<b>38</b>	
			<b>66</b>
<b>Add:</b>	<b>Creditors</b>		
	Staff Costs	469	
	Clerk reimbursement - Exp	80	
	Payroll Services	8	
	Internal Audit	125	
		<b>682</b>	
<b>Add: Receipts in advance</b>			<b>0</b>
<b>Total Additions:</b>			<b>682</b>
<b>Box 8: Total cash and short term investments</b>			<b>8,351</b>



## Bank Reconciliation - proforma

### SANDHUTTON PARISH COUNCIL

Financial year ending 31st March 2017

Prepared by Sue Fraser, Clerk (Name & role)

Date: 31/03/2018

#### Balance per bank statements as at 31st March 2018

	£	£
Treasurer Account	4698	
Money Manager Account	3652	
		8350
Petty Cash float (if applicable)		0
Less: any un-presented cheques @ 31st March 2018		

Add: any un-banked cash at 31st March 2018

Net balances as at 31st March 2018 8350 \*

The net balances reconcile to the Cash Book (receipts and payments account) for the year, as follows:

#### CASH BOOK:

Opening Balance 1st April 2017 (Prior year Box 8)	8671
Add: Receipts in the year	3750
Less: Payments in the year	4070
Closing balance per cash book (receipts and payments book) as	<u>8351 *</u>

\* difference equates to rounding.

## Explanation of variances - pro forma for local councils

The NALC/SLOC 'Practitioner' Guide (paragraph 2.15 onwards) provides guidance on explaining significant variances. Please provide explanations for the following:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- if the total reserves (Box 7) figure is more than twice the annual precept value (Box 2)

### Section 1 - Accounting Statements 2017/18 for SANDUTTON PARISH COUNCIL

Section 1	2016/17 £	2017/18 £	Variance £	Variance % £	Detailed explanation of variance (with amounts £)
<b>Box 2 Precept</b>	3600	3600	0	0%	n/a
<b>Box 3 Other receipts</b>	1589	216	-1373	86%	Income for this FYR relates to VAT Repayment of £186.40 and bank interest of £1.72. Previous FYR grant funding was received.
<b>Box 4 Staff costs</b>	2074	1953	-121	-6%	Salary for Clerk for this period not liable for Tax
<b>Box 5 Loan interest/ capital repayments</b>	0	0	0	0%	n/a
<b>Box 6 Other payments</b>	1842	2799	957	52%	Additional expenditure incurred this financial year for Amenity items: (1) Grass Cutting PROW verges (£25.00). (2) Fixing bracket for Village Xmas Tree (£100) (3) Repair to the Village Hall Wall (£1376).
<b>Box 9 Fixed assets &amp; long term assets</b>	3100	4277	1177	38%	Lap Top added £1084 added onto assets
<b>Box 10 Borrowings</b>	0	0	0	0%	n/a
<b>Explanation for 'high reserves'</b>	Reserves set aside include expenditure for 6 months precept (£1800) anticipated expenditure and salaries. Plus annual payments towards speeding campaign for the Village to install speed monitoring devices (anticipated costs over 4 years £6500), still under consideration. Plus £500 contingency monies for Tree works. Election Costs £100. Additional hours for the Clerk implementation of GDPR (£622)				