

# **NEWPORT PARISH COUNCIL**

## **INTERNAL AUDIT REPORT 2017-18**

### **1.INTRODUCTION**

All Local Councils in England are required to complete an Annual Governance and Accountability Return (AGAR) summarising their financial records at the end of the financial year. The Annual Report of the Internal Auditor section of the AGAR needs to be completed by an Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

### **2.SCOPE OF AUDIT**

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

- Matching of financial statements to invoices and receipts
- Examination of budget preparation & precept setting
- Inspection of bank statements
- Matching of cheques to payment records.
- Examination of Risk Assessment.
- Review of External Audit requirements.
- Compliance with Transparency Code.

### **3.FINDINGS**

- (1)The payroll service is provided through Community Action IW (CAIW) who pay the Clerks salary and relevant deductions to Her Majesty's Revenues & Customs (HMRC). CAIW also make the statutory statement submissions to HMRC. CAIW provide monthly receipts to the Clerk to evidence that all statutory deductions made have been paid to HMRC.
- (2)The accounting record's, bank statement's and bank reconciliation for the year ended 31<sup>st</sup> March 2018 were examined and agreed. All payments made are presented to the Council for approval and are detailed in the Council minutes. At the 31<sup>st</sup> March 2018 a total of £207,235 was held in reserves.
- (3) Standing Orders were reviewed and adopted at the Annual Council Meeting on 15<sup>th</sup> May 2017.
- (3)VAT had been accounted for correctly and refunds from HMRC are being claimed on a regular basis. A total of £19,227.33 was received in the year.
- (4) Gross expenditure exceeds £200,000 and therefore the accounts have been produced on an income and expenditure basis. The accruals made represent the

differences between lines 7 & 8 on the Accounting Statement which forms Section 2 of the Annual Governance & Accountability Return.

- (5) The Council had prepared an annual budget in support of its precept which was agreed at the Council meeting on the 12<sup>th</sup> February 2017. The precept for 2018-19 was set at £369,641.
- (6) The Internal Auditor to be satisfied that the Council considers the risks to not achieving its objectives. A Financial Risk Assessment was approved in March 2018.
- (7) The Transparency Code requires the publication of certain information on a website. The Transparency Code requirements had been explained and displayed in a distinct section of the website and on examination of the information on the website I am satisfied that the Parish Council is complying with the requirements of the code.
- (8) The External Audit report for 2016-17 was presented to the Council at its meeting on 9th October 2017 and there were no issues arising from the audit.

. Smaller Authorities Audit Appointments Ltd (SAAA) have appointed PKF Littlejohn as the External Auditor for a period of five years commencing with the 2017-18 financial year. The information to be supplied to the External Auditor remains basically unchanged but there are changes in the process of audit as follows –

- (i) The Parish Council must undertake a review of the effectiveness of the system for internal control and approve the Annual Governance Statement in advance of approving the Accounting Statements
- (ii) The approval of the Annual Report of the Internal Auditor section of AGAR needs to take place prior to the approval of the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2). The order of approval should be clearly documented in the Parish Council minutes

**Having regard to the above I am of the opinion that I have adequate assurance to complete and sign the Annual Internal Audit Report section of the Annual Governance & Accountability Return.**

**GARETH HUGHES BA (Hon) CPFA**

**20th April 2018**