

**DM PAYROLL SERVICES LTD**  
**INTERNAL AUDIT REPORT**  
**ALVECHURCH PARISH COUNCIL**

**Date of Report: 27<sup>th</sup> April 2019**

**General**

I have carried out tests on the systems in place and have reviewed the internal controls. I confirm I have acted independently; the basis of the internal audit is by selective assessment of compliance with relevant procedures and controls.

The parish council has adopted its own financial audit checks carried out by a nominated Councillor on a quarterly basis. The results of these checks are reported to the Finance and Resources Committee. This is a strong internal control and demonstrates the council is being proactive at maintaining a sound internal control system.

During the year a Staffing Committee meeting was held on private premises, this would have in effect prevented members of the public their statutory right to attend and observe the committee meeting of the parish council. Although I accept if the committee meeting was held in a public place then the committee would resolve to exclude members of the public and press, however, there may be some items on the agenda which would normally be open to the public to observe.

**A. Appropriate books of account**

Appropriate books of account have been kept during the year. The council has used Scribe software, the accounts are kept up to date and there is evidence in the minutes that the accounts are balanced regularly.

**B. Financial Regulations**

There is a clear audit trail of all samples picked. Financial Regulations were met, payments were supported by receipts or invoices and payment schedules were reported to meetings and signed.

There was evidence of quotations and tenders for works being compared and options being put to meetings during the procurement process.

VAT was appropriately accounted for and VAT was reclaimed. The council has now moved to utilising the Scribe software for completing the VAT expenditure list to accompany the VAT reclaim and this will streamline the process significantly.

**C. Risk Assessments**

A number of risk assessments were carried out by office staff during the year, this included a separate risk assessment specifically for the office. The parish council should review its risk assessments at least annually to ensure they are up to date and adequately cover the council's activities. I understand the risk assessments will be reviewed by the council shortly.

The council's insurance cover includes public liability, employer's liability and fidelity

guarantee and is adequate for the council's needs.

A back up of the council's data is automatically carried out and stored off site remotely.

#### **D. Precept**

The precept was set after the council considered its budget requirements for the year at a full council meeting. The precept amount was recorded in the minutes.

Financial monitoring reports of actual receipts and payments compared against the budget are provided to committee and council meetings on a regular basis.

#### **E. Income**

There were no unusual receipts during the year. Interest has been recorded in the accounting records

A carbonated receipt book is used when receiving income by way of cash or cheques, please remember to record on the receipt who the payment has been received from. This will be essential if the council needed to look back to check if a payment had been received by a particular customer.

#### **F. Petty Cash**

Although there is petty cash held on the premises, this is very rarely used. I have carried out a spot check on the petty cash and confirm the full float is present.

#### **G. PAYE**

The PAYE is administered using Basic Tools. PAYE and NIC has been calculated correctly and RTI's submitted to HMRC.

Eligible members of staff have been enrolled into a pension scheme. Staff salaries were reported to the council on the payments lists.

#### **H. Asset Register**

The parish council maintains an asset register, the purchase of the laptop needs to be added to the asset register.

#### **I. Bank reconciliations**

The bank accounts are reconciled to the cash book monthly. I have recalculated the year end bank reconciliation and confirm it to be correct.

#### **J. Accounting Statements**

The parish council prepares the accounting statements on an Income and Expenditure basis. The Scribe software produces a working document to show how the year end adjustments convert the Receipts and Payments into Income and Expenditure after debtors, creditors, prepayments and accruals are applied. The clerk had applied this year's year end adjustments but following a system update from Scribe the adjustments had been removed from the year end accounts. The clerk has a list of the adjustment and will now re-input the adjustments to obtain the correct Income and Expenditure totals. Therefore, at the date of the audit review I was unable to check the figures in the AGAR but I am happy to do so once the year end adjustments have been reapplied.

*Diane Malley*

Diane Malley MAAT