

TAVERHAM PARISH COUNCIL

**INTERNAL AUDITOR'S
REPORT
TO TAVERHAM PARISH COUNCIL
YEAR ENDING 31st MARCH 2016**

PREPARED BY: ALAN CLARK MAAT

DATED: 20th JUNE 2016

1. Introduction

This audit has been carried out with reference to the terms of reference provided to the Internal Auditor by Taverham Parish Council and guidelines provided by the Audit Commission.

2. Tasks performed

2.1 A scan of the following documents:

Parish Council minutes.
All Income vouchers
All Expenditure vouchers
Bank statements
Audit files
Risk assessment details for each sub-committee
Financial reports
Insurance schedule (Zurich)

2.3 Testing the accuracy of the accounting system by the following checks:

- a) Sampling a cross section of expenditure payments against the original voucher, cheque and bank statement.
- b) Sampling a cross section of income payments against the receipt vouchers.
- c) VAT reports checked for accuracy.
- d) Petty cash vouchers checked for accuracy.
- e) Checking for major variances in the budget/actual comparison.
- f) Scanning debtors and creditors lists for length of overdues.

2.4 Noting the comments in the Performance Review minutes of the meeting held during the financial year.

2.5 Noting significant variances reported on the annual return.

3. Observations.

The various checks performed revealed no major discrepancies. The following points were noted:

3.1 Section 137 expenditure was £250 and well within statutory limits.

3.2 A further reminder to councillors about the importance of internal audit checks was made at the Annual Parish Council meeting on 18th May 2015.

3.3 At the same meeting, it was agreed to increase insurance cover by 3%. The revised premium increased by £487.12.

3.4 Risk assessments were carried out by the Recreation Committee in May 2015, Sports Committee in July 2015, and Woodland Committee in August 2015.

3.5 At the November 2015 Performance Review it was agreed to change the internal audit procedure to check receipts against bank statements from 6 monthly to quarterly.

3.6 It was mentioned at the parish council meeting held in January 2016, that the FSCS scheme to protect bank deposits had been changed to a limit of £75,000. As a result it was agreed to open new accounts with Lloyds to protect deposits greater than the new limit.

3.7 The following items were noted on scanning the receipts vouchers:

- a. Lights were left on at Hink's Meadow disabled toilets, incurring a £25 excess charge on several occasions.
- b. The Railcard issue with Broadland District Council was finally resolved, but only after escalating the complaint to a more senior level. The amount involved (£34.80) was small, but caused extra work for the RFO that ought not have been necessary.
- c. A couple of cheques were returned by the bank because the payee was incorrect or the cheque was unsigned.
- d. A maintenance payment was received relating to Sandy Lane car park (£1228.22). This payment was based on 10% of the cumulative amount spent by the council since 2009.

3.8 On the payment side, the following were noted:

- a. Anglian Water sent a warning letter regarding an unpaid water bill. However, the bill had not been received. The matter was dealt with promptly once the bill had been received.
- b. A small payment for recycling (£6.26) was received. This was an erroneous payment made by Broadland DC, because no recycling payments were expected. The amount was refunded.
- c. An invoice from a contractor did not match the original quotation, so was revised by the contractor to reflect the correct amount.
- d. Veolia reported fraud attempts suggesting that customers change bank account details to the fraudster's account.

3.9 Compared with the previous financial year, spending increased on General Administration, Recreation, and Woodlands, but Sports was substantially down because no large projects had been undertaken. The main variance % differences are:

	2014/15(£)	2015/16(£)	%
General Admin	87,743	94,930	+8.2%
Recreation	31,603	36,078	+14.2%
Sports	64,004	34,072	-46.8%
Woodlands	8,487	10,566	+24.7%
Income:			
Sports	28,561	24,544	-14.0%
Recycling	3,009	763	-74.7%
Miscellaneous	4,150	6,307	+52.0%

3.10 Main Budget v. Actual variances were as follows:

	Budget(£)	Actual(£)	%
Staff costs	81,026	77,164	-4.7
Administration	20,100	17,194	-8.0
Youth	11,140	10,473	-5.0
Lighting	1,500	125	-91.0
Electrical test	1,500	NIL	-100.0
Minor Projs	2,500	NIL	-100.0

4. Recommendations.

- 4.1 No major issues were found again this year. Some of the notes following touch on comments that have been made in the past, but remain important from an audit point of view.
- a. This year there was again a reminder that a wider group of councillors should perform audit checks. If this is a result of members not knowing the procedure, perhaps the existing volunteers could assist with showing others what needs to be checked.
 - b. The Veolia report of an attempted fraud highlights the need for staff to be vigilant when dealing with communications purportedly from a major supplier. Notifications about changing bank details for payments should always be treated with suspicion. If in doubt always contact the supplier using verified contact details.
 - c. As far as the internal auditor is aware, the FSCS limit of £75,000 applies to one 'firm' ie. one bank. Opening a different account with the same bank would not achieve the protection required in my view. If the new account is with a different bank, it should not be too inconvenient to transfer funds across, given the efficiency of electronic banking. In any event, the balance at year end on Lloyds business bank instant account was well in excess of £100,000. The council should therefore be aware that there is no protection of the excess funds in the unlikely event of a Lloyds failure.
 - d. There were small errors on a couple of cheque payments, giving rise to rejection by the bank. Cheques should be double checked before banking to avoid possible bank charges.

Signed: 

Alan Clark MAAT
Internal Auditor

Dated: 20th June 2016