

# Ashfield cum Thorpe Parish Council

## Internal Audit Report 2016/17 Response & Action Plan

Subject	Requirements	Comments/Recommendations
2. Payment controls	VAT is identified and reclaimed	<p>VAT Account for the period ending 31<sup>st</sup> March 2017 was stated as £114.60 in the cashbook.</p> <p><b>Recommendation:</b> Parish Councils can and should seek to recover VAT on costs relating to non-business activities using VAT Act 1994 s.33. There is a three-year time limit on claims so the council could recover VAT for payments made from 2015 onwards.</p> <p><i>(1) Arrangements will be made in 2017/18 to recover the VAT on payments previously made in 2015/16 and 2016/17.</i></p>
	Legal Powers identified in minutes and/or cashbook?	<p>No reference is made to the legal powers under which payments are made.</p> <p><b>Comment:</b> to ensure that all payments made are within its powers and that it is not acting outside of its legal power, a reference as to the power being used should be identified in either the minutes or the cashbook.</p> <p><i>(2) Reference to the power being used for each payment made will be documented appropriately from 2017/18.</i></p>
5. Risk management	Evidence that risks are being identified and managed.	<p>The risk assessment and financial management register were reviewed and agreed at a meeting of full Council on 28<sup>th</sup> June 2017.</p> <p><b>Comment:</b> whilst Council has reviewed this document it might wish to ensure that the dates shown on the document reflect the period under review.</p> <p><i>(3) Arrangements will be made to include the period under review</i></p>

		<i>on this document from 2017/18.</i>
<b>6. Budgetary controls</b>	Regular reporting of expenditure and variances from budget.	<p>There was no reporting of Income/expenditure against budget during the year.</p> <p><b>Recommendation:</b> that in accordance with Standing Order 17c a comparison with the budget for the financial year which highlights any actual or potential overspends be submitted and considered by the Council at least quarterly.</p> <p><i>(4) A budget monitoring report will be produced for review on a quarterly basis from 2017/18.</i></p>
<b>7. Income controls</b>	Reserves:	<p>Reserves total: £2,711.43</p> <p><b>Recommendation:</b> Council might want to consider the level of general reserves held to ensure that there is sufficient to cover contractual agreements plus a reserve contingency for an election being held.</p> <p><i>(5) Advice will be requested from MSDC on the level of a reserve contingency required for an election being held for implementation from 2017/18.</i></p>
<b>8. Payroll controls</b>	Evidence that Council is aware of it's pension responsibilities.	<p><b>Comment:</b> Council should recognize that under current legislation it has pension duties for its employees and should ensure compliance with its duties as per the information on the pension regulator website: <a href="http://www.thepensionsregulator.gov.uk/en/">http://www.thepensionsregulator.gov.uk/en/</a></p> <p><i>(6) The issue raised has been recognised in 2016/17. An acknowledgement of the declaration of compliance has been received from the Pensions Regulator. It is believed that this comment was raised because this available information was not requested. The checklist provided in advance simply stated payroll details including PAYE and year end return. These were provided and there was no adverse comment provided. However, as the one employee had no actual pension deductions, details of these could not be provided. It is felt that a further request should have</i></p>

		<i>been made for evidence of Pensions Regulator compliance. This issue will be raised with SALC and a definitive outcome will be requested for action from 2017/18.</i>
<b>9. Asset control</b>	Inspection of Asset register.	<p>Asset Register seen for period 31.03.17 which shows assets to the value of £546 which shows overall movement through the year of £545 (additions in the sum of £545).</p> <p><b>Recommendation:</b> Council might want to consider expanding the asset register in line with current guidance (Governance and Accountability for Smaller Authorities 2016 – March 2016) to show description, location, date acquired and value with further columns for acquisitions and disposals.</p> <p><i>(7) It is queried whether the asset register needs to be expanded to show description, location, date and value as these appear to have been included in the version provided. This issue will be raised with SALC and a definitive outcome will be requested for action from 2017/18. Arrangements will be made to include acquisitions and disposals from 2017/18.</i></p>
	Cross checking of Insurance cover.	<p><b>Other Issue:</b> It was noted that only 1 of the 2 Items from the asset register is presently insured.</p> <p><i>(8) Arrangements will be made with Community Action Suffolk to increase insurance cover to an appropriate level from 2017/18.</i></p>
<b>12. Annual return</b>	Completion of sections of Annual return.	<p>Sections 1 and 2 of the Annual Return were completed but unsigned at the time of audit.</p> <p><b>Comment:</b> It is noted that the brought forward figure from 31<sup>st</sup> March 2016 differs to that stated in the opening balance of the Annual Return for 31<sup>st</sup> March 2017. An explanation has been given under significant variances indicating that the closing figures for 2015/16 were incorrectly stated. The Internal Auditor has verified that the opening bank balances agree with the restated figure. Council might wish to seek guidance from the External Auditor as to the correct procedure in accounting for this error.</p>

		<p><i>(9) Advice received from the External Auditor to restate the amounts in the signed Accounting Statement 2016/17 following an investigation into the closing balances 2015/16 has been implemented.</i></p>
14. Additional comments	Annual meeting:	<p>The Annual Parish Council Meeting took place on 27<sup>th</sup> April 2016.  <b>Recommendation:</b> Council should noted that in accordance with 1972 Act and the Council's own Standing Orders (5b) the Annual Meeting of the Council must be held on any such day in May as the council may direct.</p> <p><i>(10) The Annual Meeting of the Council 2017 took place on 10 May 2017. Arrangements will therefore be made to continue to schedule the meeting in May from 2018.</i></p>
	Is the council registered with the ICO:	<p>No.  <b>Comment:</b> as a Data Controller, Council should ensure that it reviews the requirements for registration.</p> <p><i>(11) Following consultation, an application has been made to register with the Information Commissioner's Office in 2017/18.</i></p>

Simon Ashton  
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9 June 2017