

**INTERNAL AUDIT REPORT
KETTLESHULME PARISH COUNCIL
2014/2015**

The internal audit of Kettlethulme Parish Council was carried out by undertaking the following tests as specified by the Audit Commission on Section 4 of the Annual Return for Local Councils in England and Wales:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

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JDH Business Services Ltd

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	ISSUE	RECOMMENDATION	FOLLOW UP
1	A review of the hall hire income found receipts (numbers 001-007) were dated 15 th November 2014 but related to payments received earlier in the year.	<i>Receipts should be dated on the day the payment is received.</i>	
	<p>Guidance note for 2015/16</p> <p>An area of potential risk for the Committee in 2015/16 is ensuring they meet the requirements of The Pensions Regulator with respect to auto enrolment, or they may face fines.</p> <p>Even if staff are not eligible to be auto enrolled into a pension scheme, the Committee may still have to complete a declaration of compliance.</p>	<p><i>The Committee should review this risk if they have not already done so and ensure they meet any requirements of The Pensions Regulator.</i></p> <p><i>See www.thepensionsregulator.gov.uk for further information.</i></p>	
Follow up of 2013/2014 audit recommendations			
1	The total value of fixed assets has increased by £50874 from 2012/13 to 2013/14. This is not due to the addition of assets but appears to be due to a change in the insurance value of assets. We are aware that when this has occurred at other councils, the external auditor has requested an amendment to the accounts.	<p><i>Fixed assets should be amended for 13/14 to show the same balance as 12/13. The fixed assets balance should only be amended for additions and disposals. If the balance is not amended the external auditors are likely to require you to amend it.</i></p>	Implemented

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2	Staff costs on the annual return includes payroll agency costs, these are administrative costs and not staff costs.	<i>In future, please exclude payroll agency costs from staff costs.</i>	Outstanding - £108 of payroll agency costs included in staff costs in 14/15.
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