

# Annual internal audit report 2015/16 to

Enter name of smaller authority here:

SOUND & DISTRICT PARISH COUNCIL

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

| Internal control objective   | Agreed? Please choose only one of the following |                    |               |
|--|---|--------------------|---------------|
|  | Yes   | No*                | Not covered** |
| A. Appropriate accounting records have been kept properly throughout the year.   | ✓   |                    |               |
| B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.  | ✓   |                    |               |
| C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.  | ✓   |                    |               |
| D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.   | ✓   |                    |               |
| E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.  | ✓   |                    |               |
| F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.   | N/A   | no petty cash held |               |
| G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.  | ✓   |                    |               |
| H. Asset and investments registers were complete and accurate and properly maintained.   | ✓   |                    |               |
| I. Periodic and year-end bank account reconciliations were properly carried out.   | ✓   |                    |               |
| J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. | ✓   |                    |               |

| K. (For local councils only)<br>Trust funds (including charitable) – The council met its responsibilities as a trustee. | Yes | No | Not applicable |
|---|-----|----|----------------|
|   |     |    |                |

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

Name of person who carried out the internal audit JDM BUSINESS SERVICES LTD

Signature of person who carried out the internal audit [Signature] Date 04/5/2016

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

**INTERNAL AUDIT REPORT  
SOUND PARISH COUNCIL  
2015/16**

The internal audit of Sound Parish Council was carried out by undertaking the following tests in the Annual Return for Local Councils in England:

- 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 Limited**

INTERNAL AUDIT REPORT  
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ACTION PLAN

|   | ISSUE  | RECOMMENDATION  | FOLLOW UP |
|---|--|---|-----------|
| 1 | The bank reconciliation did not show the year end balances in each separate bank account or an analysis of the unrepresented cheques | <i>The format of the bank reconciliation should be improved</i>                         |           |
| 2 | No Contract of employment, Risk Assessment, Standing Orders or Financial Regulations were provided for audit                         | <i>Please provide these documents for the internal audit for the year ended 31/3 17</i> |           |