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**INTERNAL AUDIT REPORT 2016/17
NEWBOLD ASTBURY CUM MORETON PARISH COUNCIL**

The internal audit of Newbold Astbury Cum Moreton Parish Council was undertaken using the following tests specified by the Audit Commission in Section 4 of the Annual Return for Local Councils in England and Wales:

- A) Appropriate accounting records have been kept throughout the year.
- B) The Council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.
- C) The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
- D) The annual precept requirement, resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves 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.
- G) Salaries to employees and allowances to members were paid in accordance with Council approvals, and PAYE and NI requirements were properly applied.
- H) Assets 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 & payments), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.

On the basis of the internal audit work carried out, which was limited to the tests listed above, in my view the Council's system of internal controls is in place which is adequate for purpose and is effective, subject to the following recommendation:

- 1) Whilst it is recognised that the payments are authorised by full Council, it is important to show that members fully understand how those payments are calculated, i.e. they know the gross annual salary and that they are satisfied that the Council has performed its duties as employer re PAYE. Whilst it is often efficient to use a payroll agency to calculate the payroll, the Council remains liable for the correct operation of PAYE. Therefore, the Council should keep a detailed record of how the payments are calculated. It is recommended that the Council obtain a copy of the calculations for payments made under payroll, i.e. showing gross payment, employee's tax & NIC and employer's NIC (even if a zero figure).

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