

PENKETH PARISH COUNCIL

Local Councils, Internal Drainage Boards and other Smaller Authorities in England Annual return for the year ended 31 March 2017

Every smaller authority in England with an annual turnover of £6.5 million or less must complete an annual return at the end of each financial year in accordance with proper practices summarising its activities. In this annual return the term 'smaller authority'* includes a Parish Meeting, a Parish Council, a Town Council and an Internal Drainage Board.

The annual return on pages 2 to 4 is made up of three sections:

- Sections 1 and 2 are completed by the smaller authority. **Smaller authorities must approve Section 1 before Section 2.**
- Section 3 is completed by the external auditor.

In addition, the **internal audit report** is completed by the smaller authority's internal audit provider.

Each smaller authority must approve Section 1 and Section 2 in order and in accordance with the requirements of the Accounts and Audit Regulations 2015.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all highlighted sections. Do not leave any highlighted box blank. Incomplete or incorrect returns require additional external auditor work and may incur additional costs.

Send the annual return, together with the bank reconciliation as at 31 March 2017, an explanation of any significant year on year variances in the accounting statements, **your notification of the commencement date of the period for the exercise of public rights** and any additional information requested, to your external auditor by the due date.

Your external auditor will ask for any additional documents needed for their work. Unless requested, do not send any original financial records to the external auditor.

Once the external auditor has completed their work, certified annual returns will be returned to the smaller authority for publication and public display of Sections 1, 2 and 3. You must publish and display the annual return, including the external auditor's report, by 30 September 2017.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guide that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk or from www.ada.org.uk

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to Local Audit and Accountability Act 2014

Section 1 – Annual governance statement 2016/17

We acknowledge as the members of:

Enter name of

smaller authority here:

PENKETH PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2017, that:

	Agreed		'Yes' means that this smaller authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	NA
			✓

This annual governance statement is approved by this smaller authority on:

14.6.17

and recorded as minute reference:

C2437

Signed by Chair at meeting where approval is given:

14.6.17 SIGNATURE

Clerk:

Signature

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

Section 2 – Accounting statements 2016/17 for

Enter name of
smaller authority here:

PENKETH PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2016 £	31 March 2017 £	
1. Balances brought forward	150,214	73,259	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	170,257	171,222	Total amount of precept (or for IDBs, rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	87,905	100,602	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	167,008	172,932	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	168,109	23,904	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	73,259	148,248	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8. Total value of cash and short term investments	143,584	157,293	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	1,206 631	1,206 513	This cell shows the value of all the property the authority owns. It is made up of its fixed assets and long-term investments.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2017 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

G. H. H. H.

Date

19.6.17

I confirm that these accounting statements were approved by this smaller authority on:

14.6.17

and recorded as minute reference:

C 2437

Signed by Chair at meeting where approval is given:

J. H. H.

Section 3 – External auditor report and certificate

In respect of:

Enter name of
smaller authority here:

PENKETH PARISH COUNCIL

1. Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2017; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

2. 2016/17 External auditor report

~~(Except for the matters reported below)~~* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no other matters have come to our attention giving cause for concern that relevant legislative and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the smaller authority:

(continue on a separate sheet if required)

3. 2016/17 External auditor certificate

We certify/~~do not certify~~* that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2017.

*~~We do not certify completion because:-~~

External auditor signature

BDO LLP

External auditor name

BDO LLP Southampton
United Kingdom

Date

28/9/17

Note: The NAO issued guidance applicable to external auditors' work on 2016/17 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Annual internal audit report 2016/17 to

Enter name of
smaller authority here:

PENKETH 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 2017.

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.	✓		subject to ①
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.	✓		
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.	✓		subject to ②

K. (For local councils only)

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)

① * DIFFERENCE ON VAT A/C AT YEAR END FROM ACCOUNTS TO VAT RECORDS SHOULD BE INVESTIGATED BY COUNCIL.

Name of person who carried out the internal audit

JDM BUSINESS SERVICES LTD

Signature of person who carried out the internal audit

JDM Business Services Ltd

Date 30/06/2017

*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).

② ANNUAL RETURN SHOULD BE AMENDED TO SHOW ALL OTHER PAYMENTS AS £88,928. BAL OF AS £83,223 and TOTAL VALUE OF CASH AND INVESTMENTS AS £157,293

Guidance notes on completing the 2016/17 annual return

1. You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent work by the auditor. NALC, SLCC and ADA have helplines if you want to talk through any problem you encounter.
2. Make sure that your annual return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the smaller authority, properly initialled and explanation provided. Annual returns containing unexplained or unapproved amendments may be returned and incur additional costs.
3. **Smaller authorities must approve Section 1 on page 2 before approving Section 2 on page 3.**
4. Use the checklist provided below. Use a second pair of eyes, perhaps a Councillor or Board Member, to review the annual return for completeness and accuracy before sending it to the external auditor.
5. Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must tell the external auditor about any change of Clerk, Responsible Finance Officer or Chair.
6. Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your smaller authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the accounting statements (Section 2 on page 3). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation, is available in the Practitioners' Guide*.
7. Explain fully significant variances in the accounting statements on page 3. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a complete numerical and narrative analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide* to assist you.
8. If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
9. **You must inform the external auditor of the date set for the commencement of the period for the exercise of public rights.**
10. Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2016) equals the balance brought forward in the current year (Box 1 of 2017).
11. Do not complete Section 3 which is reserved for the external auditor.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxes have been completed?	✓
	All additional information requested, including the dates set for the period for the exercise of public rights , has been provided for the external auditor?	✓
Section 1	For any statement to which the response is 'no', an explanation is provided?	✓
Section 2	Smaller authority approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	✓
	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2017 agreed to Box 8?	✓
	An explanation of any difference between Box 7 and Box 8 is provided?	✓
Sections 1 and 2	Trust funds – all disclosures made if a Council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	✓
Internal Audit report	All highlighted boxes completed by internal audit and explanations provided?	N/A

*Note: The Practitioners' Guide is available from your local NALC, SLCC or ADA representatives or from www.nalc.gov.uk or www.slcc.co.uk or www.ada.org.uk.

INTERNAL AUDIT REPORT- 2016/2017
PENKETH PARISH COUNCIL

The internal audit of Penketh Parish Council was carried out by undertaking the following tests as specified on 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.

JDH Business Services Ltd.

JDH Business Services Limited

INTERNAL AUDIT REPORT - 2016/2017
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>The bank reconciliation prepared for audit does not clearly show how the cash books reconcile to the bank balances.</p> <p>The accounts for KLS (the leisure centre) are prepared on an income and expenditure basis using SAGE. The accounts for the Parish Council are prepared on a receipts and payments basis.</p> <p>The bank balance on the annual return is incorrect, it is stated as £156,722. The correct balance is £157,293.</p>	<p><i>The bank reconciliation should state clearly how the bank balance reconciles to the cash book.</i></p> <p><i>We have restated the balances in the format for a bank reconciliation and provided to the clerk.</i></p> <p>The annual return should be amended to show the following:</p> <p>Total value of cash & short term investments = £157,293</p>	<p><i>Amended</i></p>
2	<p>A balance sheet has not been provided for audit clearly showing how the balance carried forward reconciles to the bank balance and is likely to be queried by the external auditor. A reconciling statement was produced but creditors were stated as 'unpresented' and debtors had been included within the cash in hand balance.</p> <p>The correct closing balance was shown on the reconciling statement, however as an incorrect balance has been entered on the</p>	<p><i>A balance sheet should be provided to the external auditors that clearly states the debtors and creditors.</i></p> <p><i>A balance sheet has been provided to the clerk and should be provided to the external auditors.</i></p> <p>The annual return should be amended to show the following:</p> <p>All other payments = £88,928</p> <p>Balance carried forward =£83,223</p>	<p><i>Amended</i></p>

INTERNAL AUDIT REPORT- 2016/2017
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	annual return for 'all other payments' an incorrect balance carried forward is shown on the annual return.		
3	At the time of audit, the KLS payment invoices for quarter 3 (July-September 2016) had been mislaid by the accountant who prepares the quarterly accounts. The payments related were mostly to regular suppliers and not high value or significant items.	<i>If the invoices cannot be located, copy invoices should be requested from suppliers in order that VAT can be reclaimed.</i>	
4	The fidelity cover at £250,000 does not cover the maximum projected cash balances of approximately £316,000 (which is calculated as year end balance plus first precept installment).	<i>The Council should review the adequacy of their fidelity cover.</i>	
5	The accounts show the VAT creditor as £1,773. The actual VAT returns and adjustments show that at the year end there is a VAT debtor of £102.20.	<i>The VAT records must be reconciled to the accounts to identify the difference and if appropriate adjust future VAT claims.</i>	

INTERNAL AUDIT REPORT- 2016/2017
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	2016/17 interim audit recommendations		
1	<p>A review of the cash book and budgetary reports to Council for the Parish Council found that often items are classified as Capital when they are not Capital expenditure: £500 donation to community centre £475 gift vouchers £995 training</p> <p>This could leave the external auditor to query as to why capital expenditure has not resulted in the increase in the value of the assets.</p>	<p><i>Expenditure should be classified correctly within the cash book to enable effective budget monitoring.</i></p> <p><i>Please ensure that entries in the cash book currently misclassified as Capital are reallocated for the year end accounts.</i></p>	<p>Outstanding</p> <p><i>Corrected for</i></p> <p><i>Final yr end</i></p> <p><i>GAH</i></p>
2	<p>The Council make most payments by cheque but now have the facility to make online payments. The financial regulations only state that payments are made by cheque and the controls that are in place.</p>	<p><i>The Council should review the controls that should be in place for online payments and update the financial regulations accordingly.</i></p>	<p><i>FR amended + agreed</i></p> <p><i>June 2017.</i></p>
3	<p>The monthly parish council bank reconciliation includes within it the £65000 unpresented cheque which is a creditor and not an</p>	<p><i>If the payment is not made before the year end, the year end bank reconciliation should not treat this as an unpresented cheque as it is a creditor.</i></p>	<p>Implemented</p>

INTERNAL AUDIT REPORT- 2016/2017
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	unpresented cheque.		
Follow up of 2015/16 audit recommendations			
1	<p>The council wrote out a cheque in January 2016 which has not yet been signed or sent out as the Council are waiting for works to be completed. It is currently in the accounts as an unpresented cheque.</p>	<p><i>This amount should be included within the 15/16 accounts as a creditor and entered in the 16/17 cash book when the payment is made.</i></p>	Implemented
2	<p>The accounts have been prepared on a receipts and payments basis for 15/16 with adjustments made for 14/15 accruals. The Council's income and expenditure exceeds the £200,000 threshold so their accounts must be prepared on an income and expenditure basis. This appears to have been as a result of a recommendation from the external auditor that the bank reconciliation should reconcile the bank balance to the cash book. The format of the bank reconciliation used previously did not demonstrate this clearly.</p>	<p><i>The accounts must be amended to include the following: Debtor £1173.30 Total Cash & Investments £143583.92 VAT creditor £336.81 Other creditors £71161.49</i></p> <p><i>The following balance will need to be amended on the annual return Total cash & short term investments = £143,584</i></p> <p><i>We have provided a suggested format for the bank reconciliation to the clerk that demonstrates that the cash book balances to the bank balances.</i></p>	Implemented

INTERNAL AUDIT REPORT-2016/2017
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
3	Fixed assets balance has increased by £2485. We could not see from the asset register which assets have been added in 15/16.	<i>The asset register should include the date of additions for new assets and the date of disposal.</i>	Implemented
2015/16 Interim audit recommendations			
1	<p>A review of till receipts against daily cash sheets found that sometimes items were posted against 'Misc badges' when they appeared to correspond to hall hire.</p> <p>e.g Daily cash sheet 7/12/15 shows income of £13.88 for martial arts but from the till receipt it would appear £4.63 has been posted in the till to 'misc badges' and £9.25 to hall hire. It appears to have been caused by the hall hire being for 1.5 hours.</p>	<i>Hall hire should be included under hall hire within the till and not under headings that include vatable items. Consideration should be given to adding different rates to the till for hall hire.</i>	Outstanding
2	<p>There is no formal reserves policy in place that establishes the level of general reserves the council should aim to carry forward year on year.</p> <p>There is no statutory requirement</p>	<i>It would be good practice for Council to have a formal policy on the level of reserves they intend to maintain.</i>	Outstanding

INTERNAL AUDIT REPORT - 2016/2017
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>for the minimum level of council reserves. However, there is sector guidance that states between 3 months and 1 year of net revenue expenditure (ie excluding precept income) is a satisfactory level – see NALC guidance below:</p> <p>"any prudent council will carry forward some Un-earmarked General Revenue Reserves to meet the unexpected and to use for working capital until the Income due from the Billing Authority is received. These final balances are held to some extent by all councils and should fall within a range of 3 to 12 months net revenue expenditure. Thus the total value of Balances and Reserves is set by the individual circumstances, and by a formal decision, of the Council."</p>		
	<p>Review of 2014/15 audit recommendations</p>		
1	When Council approve payments, they are not listed in the minutes, however the minutes state that the monthly accounts have been	When payments are not listed within the minutes, the minutes should state the total value of payments approved. This should then agree to a supporting schedule which	Introduced in 15/16

INTERNAL AUDIT REPORT- 2016/2017
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	approved. The supporting accounts schedule is not signed by the Chair to show the payments have been approved.	<i>is signed by the Chair when the payments are approved.</i>	
2	The accounts include a VAT debtor of £1493.43. The VAT return as at 31/3/15 shows a balance due to the Council of £83.09. £677.39 relates to differences between the 2013/14 accounts and VAT claim. £732.95 relates to differences between the 2014/15 accounts and VAT claim.	<i>The monthly accounts for 2013/14 and 2014/15 should be reconciled to the VAT claims to ensure that all balances due to the Council are reclaimed.</i>	Implemented
2014/15 Interim Audit recommendations			
1	As part of our testing of the swimming pool income, we checked a sample of receipts. One of the copies of receipts issued to customers had been amended from £75 to £50. The amendment had been made on the carbon copy, we could see no evidence that the customer receipt had been amended. The receipt stated that the amount	<i>If a customer is given a refund or a receipt is amended, the customer should sign the receipt.</i>	No issue arising in 15/16

INTERNAL AUDIT REPORT- 2016/2017
PENKETH PARISH COUNCIL

ISSUE	RECOMMENDATION	FOLLOW UP
	had been refunded.	
Follow up of 2013/14 audit recommendations		
1	The minutes do not record when the internal audit report was presented to Council.	Implemented <i>The minutes should record when the internal audit report is presented to Council and any agreed action.</i>
2	The VAT debtor in the accounts is £6569.79, the VAT return at 31/3/14 shows the balance due to the Council as £5892.40	Implemented <i>The VAT records must be reconciled to the accounts to identify the difference and if appropriate adjust future VAT claims.</i>
3	The fidelity cover at £250,000 does not cover the maximum projected cash balance of approximately £300,000 (calculated as year end balance plus precept).	Outstanding. Balances have increased and the maximum cash balance as at 31/3/15 is approximately £320,000. <i>The Council should review the adequacy of their fidelity cover.</i>
4	The fixed assets balance has increased by £315016.	Annual return was amended <i>The Council must ensure that their explanation of variances explains to the external auditor the reasons for the increase. Please note that the external auditor has requested that the fixed assets value is only</i>

INTERNAL AUDIT REPORT- 2016/2017
PENKETH PARISH COUNCIL

ISSUE	RECOMMENDATION	FOLLOW UP
	<i>adjusted for additions and disposals.</i>	
Guidance note for 2014/15 Following the repeal of section 150(5) of the Local Government Act 1972 in March 2014, Councils now are not required by law to have cheques or other orders for payment signed by two elected members.	<i>If the Council decide they would like to make any changes to how payments are made it is important that they review the recent guidance issued by SLCC and ensure that any new internal controls meet these requirements. Any changes to internal controls over payments in light of the repeal will be reviewed in future audits.</i>	
2013/14 Interim Audit issues		
1 A review of till receipts against daily cash sheets found that sometimes items were posted against 'Misc badges' when they appeared to correspond to hall hire. e.g Daily cash sheet 18/7/13 shows income of £19.13 for hall hire but from the till receipt it would appear £6.18 has been posted in the till to 'misc badges' and £12.75 to hall hire. It appears to have been caused by the hall hire being for 1.5 hours.	<i>Hall hire should be included under hall hire within the till and not under headings that include variable items. Consideration should be given to adding different rates to the till for hall hire.</i>	Outstanding – this also occurred on two of the days tested in 2014/15 (17/6/14 and 20/6/14)
2 We tested a sample of receipts and	<i>The amount received should be stated</i>	All receipts tested showed the

INTERNAL AUDIT REPORT- 2016/2017
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	found that one receipt 'C/55' did not show the actual amount received.	<i>clearly on the receipt.</i>	amount on the receipt however see the issue for 2014/15 about amending of receipts.

INTERNAL AUDIT REPORT- 2016/2017
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	ISSUE	RECOMMENDATION	FOLLOW UP
	to HMRC of £446.18. The accounts working papers show that an adjustment to VAT is required of 335.86.		