

Internal Aud

WHITWICK Parish Coun

Year ending 31st March 20

INTERNAL AUDITOR

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DOCUMENTATION:

- SECTION 1 - INTERNAL AUDIT PROCEDURE (Abridged)
- SECTION 2 - INTERNAL AUDIT SUMMARY REPORT
- SECTION 3 - INTERNAL AUDIT COMPLIANCE TESTING REPC

NB: The current Internal Audit Procedure (section 1) is unchanged from the previous year's report. An abridged version is therefore included in this report for brevity purposes and which details key procedures from the full version previously provided. The unabridged (full) version of the Internal Audit Procedure can be provided separately on request.

1. Introduction & Purpose

The purpose of this procedure is to define Redwood Pryor's process for undertaking internal audits in order to assess the effectiveness of the WHITWICK Parish Council's internal controls and define the responsibilities for planning and conducting audits, reporting results and retaining associated records.

2. Terms & Definitions of Internal Audit Assurance

Audit Opinion	Explanation
GOOD	There is a sound system of internal control designed to achieve the Council's objectives. The internal control processes tested are being consistently applied.
ADEQUATE	While there is a basically sound system of internal control, there are weaknesses, which may put some of the Council's objectives at risk.
LIMITED	Weaknesses in the system of internal controls are such as to put the Council's objectives at risk. The level of non-compliance puts the Council's objectives at risk.
UNSATISFACTORY	Control processes are generally weak, leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

3. Application & Scope

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls. Where any such controls are found to be deficient, the internal audit will help improvement in those processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing in the Governance and Accountability for Councils, A Practitioners' Guide, Redwood Pryor Ltd makes every effort to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions from the audit are based upon objective and traceable evidence.

NB: It would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. It is the periodic independent review of the Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and management and not left for internal audit. (Source: Governance and Accountability for Local Councils-A Practitioner's Guide-2010).

4. Requirements

An internal audit of the internal controls is conducted annually to:

- Determine whether the internal controls conform to planned arrangements
- Determine whether the internal controls are properly implemented and maintained

- Provide information on the results of the internal audit to the parish Council, the Clerk to the Council and the Responsible Financial Officer (where the latter is a separate position within the Council).

Essential competencies for an internal auditor are:

- Understanding of basic accounting processes
 - Understanding of the role of internal audit in reviewing systems.
 - Awareness of risk management issues
 - Understanding of accounting requirements of the legal framework and powers of local Councils
- To ensure impartiality and objectivity, the internal auditor must not have any involvement in the financial decision making, management or control of the Council.

5. Process

Regulation 6 of the Accounts and Audit Regulations 2003 as amended imposes a duty on local Councils to 'maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control. Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a Council's activities and operating procedures are effective. Internal audit is an on-going function reporting to the Council once a year and undertaken at least once annually. Internal audits may be completed with a greater frequency if determined by the Council or as determined by:

- Corrective actions from previous internal audits
- Statutory/legal requirements
- Audit Commission guidance
- Council decisions
- Council objectives and policy
- Council internal review concerns
- Concerns and recommendations raised by external auditors
- Parishioner complaints
- Employee concerns

6. The Audit

6.1 Audit Planning

The internal auditor should:

- Establish and communicate an internal audit schedule
- Establish and implement internal audit plan

6.2 Audit Preparation

The internal auditor should:

- Review and prepare the internal audit checklist
- Arrange an audit appointment with the Clerk to the Council (Clerk) and/or the Responsible Financial Officer (RFO)
- Issue the audit checklist to the Clerk and/or the RFO

6.3 The Audit

The internal auditor should:

- Undertake an initial meeting with the Clerk and/or the RFO to:
 - o Review the previous internal audit report:
 - Check progress made against recommendations made
 - Identify and review any changes to internal controls
 - o Ensure documentation listed on the audit checklist is available for review
- Sample and observe process inputs/outputs e.g. review invoices, expenditure reports etc.
- Record objective evidence to verify process compliance or non-compliance
- Generate audit findings i.e. a draft internal audit report
- Forward a copy of the draft internal audit to the Clerk and/or the RFO for review

6.4 Wrap-up Meeting

The internal auditor and the Clerk and/or the RFO should meet again to:

- Review audit conclusions and discuss recommendations for improvement contained in the draft internal audit report
- Decide whether any non-compliances observed should be included in the final internal audit report or resolved immediately
- Address immediately any minor areas of non-compliance
- Agree on corrective actions for other areas of non-compliance and/or recommendations for improvement.

The internal auditor then prepares and signs off the final version of the internal audit report and forwards to the Clerk and/or the RFO

6.5 Follow-up

The Clerk and/or the RFO is expected to:

- Ensure corrective actions are implemented and are closed-out within the agreed timeframe
- Ensure non-compliances are closed-out within the agreed timeframe

6.6 Review

The Council is expected to:

- Receive the internal report at a meeting of the Council to review
- Consider, agree and minute actions required to address any audit findings
- Use the internal audit report to promote best practice
- Ensure internal controls and records are maintained

Internal Audit Summary Report

Internal Audit Report Number	Date Issued	Prepared by
WPC.IAR.2015	13 April 2015	Richard Willcocks

Aims & Objectives

WHITWICK Parish Council has a statutory duty to complete an Annual return at the end of each financial year. As part of the Annual Return the Parish Council's internal audit function is required to provide assurance that relevant procedures and controls were operating effectively for the financial year ending **31 March 2014**. The purpose of this exercise is to meet those statutory requirements and provide the Council with an appropriate level of assurance in support of the **2015** Annual Return.

Scope of Audit

The internal audit exercise involves such testing of the evidence of and evidence of compliance with the 11 statements contained in Section 4 of the Annual Return, as applicable to the range and financial materiality of the Councils' activities. The statements refer to:

- Maintenance of proper financial records
- Compliance with the Council's Standing Orders, Financial Regulations and proper accounting for VAT
- Adequacy of risk management arrangements
- Effective budgeting and budgetary control
- Identification of income due and timely collection and banking of such monies
- Proper administration of petty cash
- Proper administration of salaries of employees and expenses paid
- Maintenance of an accurate and reliable asset register
- The completion of regular bank reconciliations
- The correct basis and accurate preparation of year-end accounts
- Whether the Council has met its responsibilities as a trustee.

The outcomes of the recommended testing required for assurance purposes is shown in the Internal Audit Compliance Testing Report.

Section Three: Internal Audit Compliance Testing Report for WHITWICK Parish Council

Year Ending: 31 March 2015

Results

Overall the Council has good controls in place, covering the key financial systems, with appropriate books of account being kept throughout the year. Expenditure payments were supported by invoices, approved and VAT properly applied. Expected income was fully received, properly recorded and promptly banked. The payroll was operated correctly and statutory deductions and returns made on time to HMRC.

Again I can report that the accounts and other records of the Council are maintained to a very high level by the Clerk to the Council and the Assistant Clerk. Two of the three recommendations in the previous internal audit report were fully acted upon and the other item (4.3 below) is only carried forward as a reminder for Council to try and ensure that the reserves policy approved in 2014 is complied with as far as possible. The only new recommendation made in this report relates to the introduction of pensions auto-enrolment, for which the Council already has commissioned external advice.

In summary, this report again reflects very positively on the quality and standard of work of the Clerk and the Assistant Clerk, in what transpired to be year of significant change for the Council in respect of additional responsibilities taken on from the district council, which in turn increased the workload of the Clerk and Assistant Clerk.

Overall Internal Audit Assurance Rating: GOOD

Recommendations (NB: Recommendations from the previous year's internal audit report will be repeated below, together with a note of action taken to comply).

Compliance Testing Ref	It is recommended that:	Priority	Responsibility
3.4 ✓	From 2014 Internal Audit report the Council documents its internal financial controls, which it is required to do so as per section 2.2 of the Annual Return (Section 2 is the annual governance statement). A sample template has been provided, which could be adapted to be specific to the internal controls currently applied.	ACTIONED AS RECOMMENDED	Statement of Internal Control prepared and approved by Council May 2015 Annual Meeting


Section Three: Internal Audit Compliance Testing Report for WHITWICK Parish Council

Year Ending: 31 March 2015

	<p><i>From 2014 Internal Audit report</i></p> <p>the Council reviews its reserves policy to determine:</p> <ul style="list-style-type: none">the level of free reserves it requires to be held as a contingency. Normally within parish councils this tends to range from a minimum of 50% of the annual precept (6 months) to a maximum of 3 times the annual precept.what reserves need to be earmarked for future spend. Earmarked reserves are usually either specific precepted expenditure carried over into the next financial year or planned future expenditure to be funded from accumulated reserves and not to be precepted in the year of acquisition. Earmarked reserves are specific as to their purpose.	Medium	The Cour
4.3	<p>NB: Free Reserves = Total Reserves less Earmarked Reserves.</p> <p>PART ACTIONED. The Council approved a policy in 2014, whereby free reserves were targeted to be 50% of the annual precept by the end of 2018/19 (see minute no. 371A). However free reserves, as a percentage of precept, had actually declined as 31/03/15, compared to the previous year. At 31/03/15 free reserves represented 32% of the annual precept. Hopefully the Council will take action to ensure that the approved reserves target is met by 31/03/19. c/f.</p>		
9.1	<p><i>From 2014 Internal Audit report</i></p> <p>there is a segregation of duties in respect of the preparation and authorisation of the bank account reconciliations. Currently all bank reconciliation work is undertaken solely by the Clerk, but from a risk perspective it would be preferable for the Clerk to prepare the bank reconciliation statements and for the Assistant Clerk to review and sign off prior to submission to the Council (or vice versa).</p>	ACTIONED AS RECOMMENDED	
✓			
7.3	<p>the Council takes the necessary action to ensure that it meets its statutory obligations for pensions auto-enrolment by the staging date of March 2016. Taking professional advice, as the Council intends to, is a sensible first step in this process.</p>	Low	The Cou
Acknowledgments			
<p>The help and co-operation of Lorraine Ellis, Clerk to the Council/Responsible Financial Officer and Phil Ellis, Assistant Clerk to the Council, is much appreciated by the internal auditor.</p>			

Section Three: Internal Audit Compliance Testing Report for WHITWICK Parish Council

Year Ending: 31 March 2015

Report Prepared By	Signature	Position	Date
		Internal Auditor	15 MAY 2015
Report Reviewed By	Signature	Position	Date
		Responsible Financial Officer	
Report Received By Council	Signature	Position	Date

Legend

A = Opportunity for Improvement **B** = Minor Non-compliance **C** = Major Non-compliance

Compliant:	Adherence with the requirements of the audit question. No major or minor non-conformances found
Opportunity for Improvement (OFI):	<p>A situation or condition of internal control that may be weak, cumbersome, redundant, overly complex, or in some other manner, may, in the opinion of the internal auditor, offer an opportunity for the Council to improve its current status.</p> <p>OFI's do not necessitate any immediate remedial action on the part of the Council; however, the Council should give them serious consideration in view of the internal auditor's knowledge and exposure to similar controls and processes.</p>
Minor Non-compliance:	<p>An OFI may be an improvement to the internal control system or could prevent future problems.</p> <p>A non-compliance that, based on the judgment and experience of the internal auditor, is not likely to result in the failure of the internal control system or reduce its ability to ensure effective control is maintained.</p> <p>It may be either:</p> <p>A failure in some part of the Council's internal control and assurance relative to a specified requirement.</p> <p>A single observed lapse in following one item of testing of the Council's internal controls.</p>
Major Non-compliance:	<p>The absence or total breakdown of an internal control process necessary to meet a specified requirement.</p> <p>A number of minor non-compliances against one requirement can represent a total breakdown of an internal control process and thus be considered a major non-conformity.</p> <p>Any non-compliance that would result in the probable delivery of a non-conforming service or action by the Council. Conditions that may result in the failure of or materially reduce the usability of the Council's services for their intended purpose.</p> <p>A non-compliance that, in the judgment and experience of the internal auditor, is likely to result in the failure of an internal control process or to materially reduce its ability to assure effective internal control.</p>

NB: ALL REFERENCES TO PERIODS IN THE SECTIONS BELOW REFER TO THE FINANCIAL YEAR ENDING 31 MARCH 2015, BEING REVIEWED, UNLESS OTHERWISE STATED.

Year Ending: 31 March 2015

1. Proper Book Keeping

Question No.		Compliant			Audit Evidence	Comments
		YES	OFI	NO		
1.1	<u>Is the cashbook maintained and up to date?</u>	✓	A	B	C	N.B. Provide references to documentation where necessary The year end and monthly accounts summaries provided from the Microsoft Excel based cashbook and accounts system. The Clerk to the Council (Clerk) and the Assistant Clerk are responsible for maintaining the day-to day accounts functions. The accounts are balanced up quarterly, prior to presentation Council.
1.2	<u>Is the cashbook arithmetic correct?</u>	✓			Arithmetic checks of cashbook.	Checks of the computerised accounting system confirmed that cashbook and other accounts arithmetic were correct.
1.3	<u>Is the cashbook regularly balanced?</u>	✓			Cashbook review.	The accounts are balanced monthly and are up to date to the financial year end.

Year Ending: 31 March 2015

2. Standing Orders, Financial Regulations & Payment Controls

Question No.	Audit Question	Compliant			Audit Evidence <small>N.B. Provide references to documentation reviewed where necessary</small>	Comments
		YES	OFI	NO		
2.1	<u>Has the Council formally adopted standing orders and financial regulations?</u>	✓	A	B	C	Standing Orders and Financial Regulations are maintained by the Council and based on NALC guidelines and adapted to suit the specific the Council. Standing orders and Financial Regulations are reviewed annual presented to the Annual Meeting (in May) for adoption, together with other standing policies. Some minor changes were made to Standing Orders, which were approved at the May 2015 Annual Meeting, with a further amendment in August 2014. A new set of Financial Regulations were prepared and approved at the May 2015 Annual General meeting. These were based on recently released (2014) NALC model Financial Regulations. A section on internet payments and authorisation is included in the regulations, but not yet implemented.
2.2	<u>Has a Responsible Financial Officer been appointed with specific duties?</u>	✓			The revised job description for the Clerk, which recognises the specific Responsible Financial Officer duties.	The Clerk, Phil Ellis and the Assistant Clerk, Lorraine Ellis, were appointed on an interim basis on 22/06/11 and re-appointed on a fixed term contracts from April 2012. From 01/01/14 job roles were switched, with Lorraine Ellis being appointed Clerk to the Council (Clerk) and Responsible Financial Officer (RFO) and Phil Ellis being appointed as Assistant Clerk to the Council (Assistant Clerk). This change was necessary for the Council to take on the Power of Competency and also because a job sh not applicable. The contracts for the Clerk and Assistant Clerk were renewed further year from 01/10/14, each being given additional hour reflect the increased workload resulting from the additional responsibilities taken on by the Council. See section 7.1.

Year Ending: 31 March 2015

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
2.3	<u>Have items or services above a de-minimis amount been competitively purchased?</u>	✓	A	B	C	N.B. Provide references to documentation reviewed where necessary. Financial Regulations. Minutes (re: increase of the de-minimus limit) The de-minimus limit recorded in the Financial Regulations for competitive purchase of items and services was increased from £500 in May 2014. Competitive tenders are required for all purchases over £50,000. A minimum of 2 quotes or tenders are required for purchases over the de-minimus limit.
2.4	<u>Are payments in the cashbook supported by invoices, authorised & minuted?</u>	✓			Invoice file reviewed and checked through to entry into the cashbook. Payment listing to Council. Minutes.	All pending expenditure payments are presented to the next Council meeting for approval, amendment or deletion. The relevant minutes for these payments are also presented for signature by 2 approved Council members. All payments are then recorded in the Council minutes and signed off at the next Council meeting.
2.5	<u>Has VAT on payments been identified, recorded and reclaimed?</u>	✓			Invoice file reviewed to check VAT entered correctly.	The Council is able to recover VAT through the Local Authorities Similar Bodies Scheme. A claim for repayment of VAT is made when there is a significant amount to reclaim which is normal per financial year. The latest claim made covered the period from 01/08/14 to 31/03/15. VAT receipts are obtained wherever applicable.
2.6	<u>Is S137 expenditure separately recorded and within statutory limits?</u>	✓			A separate account in the cashbook to record S137 expenditure.	The Council has been eligible for the Power of Competency since January 2014, which superseded S137 requirements. However S137 applicable payments are still recorded separately in the accounts. For the current audit year the current maximum allowable spend on S137 expenditure would have been approx. £48,000, based on an approx. electoral role of 6,800 and a per capita spend of £7.22. The total S137 spend recorded in the current year was nil.

Year Ending: 31 March 2015

3. Risk Management Arrangements

Question No.	Audit Question	Compliant				Audit Evidence	Comments
		YES	OFI	NO			
3.1	<u>Does a review of the minutes identify any unusual financial activity?</u>	✓				Scan of minutes of the Council and the Whitwick Park committee, on-line. N.B. Provide references to documentation where necessary	During 2014-15 the Council set up the following structure: <ul style="list-style-type: none"> ○ Council; normally meets every 6 weeks ○ Whitwick Park committee; meets as and when ○ Street Environment working party ○ Recruitment working party ○ Land Review working party Neither the Whitwick Park committee nor any of the working have delegated powers. No unusual activity was found in the minutes reviewed. There were no confidential minutes, other than those which re staffing matters.
3.2	<u>Do the minutes record the Council carrying out an annual risk assessment?</u>	✓				Review of current risk assessment.	The Risk Assessment policy document is reviewed annually and presented to the Annual Meeting (in May) for adoption, together with other standing policies. There were some minor changes to the Risk Assessment policy document adopted at the May 2014 Annual Meeting.
3.3	<u>Is insurance cover appropriate and adequate?</u>	✓				Review of detailed insurance schedule	The insurance is renewed annually on 1 st July. For 2014 the insurance portfolio was again renewed with Zurich (direct). The policy for 2014-15 included cover for assets gifted from the district council. The level and range of insurance cover appears to be adequate in size of the Council. It was noted that a review of alternative insurers will be undertaken for the next renewal.
3.4	<u>Are internal financial controls documented and regularly reviewed?</u>	✓				Statement of internal control. Standing Orders & Financial Regulations	Following a recommendation made in the previous internal audit report, a statement of internal control was prepared and approved at the May 2014 Annual Meeting. Internal financial controls are also covered under the Standing Orders and Financial Regulations.

Year Ending: 31 March 2015

4. Budgetary controls

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
4.1	Has the Council prepared an annual budget in support of its precept?	✓	A	B	C	This annual budget was prepared 'in-house' by the Clerk and a at the January 2014 Council meeting, with a precept of £29,044 a Council Tax Support Grant of £2,623.00
4.2	Is actual expenditure against budget regularly reported to the Council?	✓			Review of financial statements	During the financial year being audited, quarterly financial statements were presented to Council for review.
4.3	Are there any significant unexplained variances from budget?	✓	✓		Review of financial statements	For 2013-14 income and expenditure was in line with budget a significant variance were fully explained. Following a recommendation made in the previous internal a report, a reserves policy was introduced, which now needs to be managed through. See Recommendation c/f.

5. Income Controls

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
5.1	Is income properly recorded and promptly banked?	✓	A	B	C	Outside of the precept the Council has minimal other income, from bank interest received and the periodic VAT reclaim. The Council does not normally receive any cash income.
5.2	Does the precept recorded agree to the Council Tax authority's notification?	✓			Precept notification from North West Leics District Council. Bank statements and cash book entries.	A receipt is issued where applicable and the monies banked cc The precept, and the Council Tax Support Grant (CTSG), were received in 2 instalments: 25/04/14: £15,835.50 (50% of precept + 50% of CTSG) 26/09/14: £15,835.50 (balance of precept & CTSG)

Year Ending: 31 March 2015

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
5.3	<u>Are security controls over cash and near-cash adequate and effective?</u>	✓	A	B	C	<p>N.B. Provide references to documentation where necessary</p> <p>Email from the bank confirming the cheque signatories.</p> <p>Email correspondence from the bank relating to the bank mandate (see Comments).</p> <p>The Clerk is responsible for receiving, balancing, authorising and banking any cash and cheques received.</p> <p>A bank mandate has been prepared by the Council nominating Council members as signatories, with any 2 from 4 required to cheques.</p> <p>Neither the Clerk nor the Assistant Clerk is a cheque signatory but are recognised by the bank for administrative purposes.</p> <p>The Council signatories on the bank mandate submitted were s Council members at the end of the year being audited.</p> <p>It is noted that changes may be required to the bank mandates following the May 2015 local elections.</p> <p>Requests have been made to HSBC bank for an updated copy of bank mandate, but an email reply states that 'the system does allow us to print the mandates off'.</p>

6. Petty Cash Procedures

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
6.1	<u>Is all petty cash spent recorded and supported by VAT invoices/receipts?</u>		A	B	C	<p>N.B. Provide references to documentation where necessary</p> <p>Financial Regulations.</p> <p>Not applicable. The Council does not operate any petty cash fund.</p> <p>Any small expenditure items incurred will normally be paid per by the Clerk and/or Assistant Clerk and reimbursed through a bank expense claim.</p>
6.2	<u>Is petty cash expenditure reported to each Council meeting?</u>					
6.3	<u>Is petty cash reimbursement carried out regularly?</u>					

Year Ending: 31 March 2015

7. Payroll Controls

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
7.1	<u>Do all employees have contracts of employment, with clear terms and conditions?</u>	✓	A	B	C	N.B. Provide references to documentation where necessary Fixed term contracts of employment for the 2 Council employees; the Clerk and the Assistant Clerk.
7.2	<u>Do salaries paid agree with those approved by the Council?</u>	✓				HMRC Online Tools payroll software was implemented in July 2015. The Clerk is responsible for preparing the monthly payroll and salary cheques. Council approve salaries for payment. Salaries are approved within the setting of the annual budget based on a fixed monthly salary plus any contractually agreed adjustments.
7.3	<u>Are other payments to employees reasonable and approved by the Council?</u>	✓	✓			The Clerk is contractually entitled to: <ul style="list-style-type: none"> £18 per month allowance for working from home. a pay as you go mobile phone. £0.45p per mile for business use of own car. reimbursement for out of pocket expenses e.g. stationery. It was noted that the Council's staging date for pension auto-enrolment is March 2016. Because of the anticipated increase numbers, the Council has agreed to procure independent advisers to ensure that the statutory requirements of auto enrolment are met. See Recommendation.
7.4	<u>Has PAYE/NIC been properly operated by the Council as an employer?</u>	✓				Payroll file. Quarterly and year-end PAYE/NIC deductions and returns were submitted to HMRC, together with the applicable cheque pay submitted to HMRC, together with the applicable cheque pay submitted to HMRC, together with the applicable cheque pay submitted to HMRC. From April 2012 Real Time Information (RTI) was submitted on required by HMRC.

Year Ending: 31 March 2015

8. Asset Controls

Question No.	Audit Question	Compliant			Audit Evidence	Comments	
		YES	OFI	NO			
8.1	<u>Does the Council maintain a register of all material assets owned or in its care?</u>	✓	A	B	C	N.B. Provide references to documentation where necessary. Asset Register (Excel).	The Clerk is responsible for maintaining the Asset Register. The Council does not hold any investments. Only assets with a value over £50 will be listed on the Asset Register. A separate list of items below £50 is maintained for control purposes.
8.2	<u>Are the assets and investment registers up to date?</u>	✓				Asset Register.	
						The Asset Register was up to date as at the year end. During the year being audited the Council acquired significant land, buildings, play equipment and the King George V field (Whitwick park) from the district council. This gift was made via transfer. All of these acquisitions were correctly listed in the Asset Register at nil cost. There were no other assets purchased or disposed of in the financial year being audited.	
8.3	<u>Do asset insurance valuations agree with those in the asset register?</u>	✓				Asset Register. Insurance schedule.	For each asset listed in the Asset Register, both the original cost and the current insurance value are listed. The latter will be updated annually in line with the current insurance valuation. In accordance with the external auditor's recommendations, current cost of all assets listed in the asset register is the value declared in section 1 of the Annual Return. Once a value for current cost has been entered it should not be adjusted for any increase or decrease in value.

Year Ending: 31 March 2015

9. Bank Reconciliation

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
9.1	<u>Is there a bank reconciliation for each account?</u>	✓	A	B	C	<p>The Council holds 2 bank accounts:</p> <ul style="list-style-type: none"> ○ <i>HSBC Community (current) account</i>. 401801/61468006, 15/07/11. Bank statements received monthly. ○ <i>HSBC Community Savings account</i>. 401801/61468014, 10/08/11. Bank statements received monthly. <p>In line with a recommendation in the previous year's internal report, the Clerk is responsible for preparing the bank reconciliation which is then reviewed and signed off by the Assistant Clerk (versal). In addition, a councillor also reviews and signs off the reconciliations quarterly.</p> <p>It is noted that there is an intention to review the Council's bank arrangements, with a specific requirement for the bank of choice to enable internet payments with triple authority.</p>
9.2	<u>Is a bank reconciliation carried out regularly and in a timely fashion?</u>	✓			Bank statements. Bank reconciliations.	Both bank accounts are reconciled monthly on receipt of the statement.
9.3	<u>Are there any unexplained balancing entries in any reconciliation?</u>	✓			Bank statements. Bank reconciliations.	No unexplained balancing entries were identified on the reconciliation.
9.4	<u>Is the value of investments held summarised on the reconciliation?</u>					Not applicable no investments held.

Year Ending: 31 March 2015

10. Year-end Procedures

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
10.1	<u>Are year-end accounts prepared on the correct accounting basis?</u>	✓	A	B	C	N.B. Provide references to documentation where necessary Receipts and Payments Accounts summary and detailed listing. Day to day and year end accounts are prepared on a Receipts and Payments basis. However because it is expected that total income (and expenditure) will exceed £200k in 2015-16, then the accounts will need to be prepared on an Income & Expenditure basis
10.2	<u>Do accounts agree with the cashbook?</u>	✓				The Clerk is responsible for reconciling the cash book and year accounts. The data entered onto section 1 of the Annual Return agreed to year-end Receipts and Payments Accounts summary.
10.3	<u>Is there an audit trail from underlying financial records to the accounts?</u>	✓				The Excel based accounting system provides a satisfactory audit the underlying financial records.
10.4	<u>Where appropriate, have debtors and creditors been properly recorded?</u>	✓				Although not recorded in the Receipts and Payments Accounts (cash based accounts), no outstanding debtors or creditors were identified at the year end.

11. Other Matters

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
11.1	<u>Is the Council a trustee, or involved in the administration of any charity.</u>	✓	A	B	C	N.B. Provide references to documentation where necessary Management agreement. During 2014-15 the Council became the sole trustee of the Whitwick Park (King George V Field) charity (charity no. 52104). This was to facilitate the transfer of this property to the Council. A legal management agreement was then drawn up between Whitwick Charity and the Council, which enables the Council to manage and operate the Charity without the requirement to keep separate accounts.

Year Ending: 31 March 2015

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
11.2	<u>Other points of note</u>				N.B. Provide references to documentation where necessary	The Council does not have any loans outstanding with the Works Loan Board (PWLb).

12. Safeguarding Public Money (as per JPAG guidance 20120725)

Question No.	Audit Question	Compliant			Audit Evidence	Comments
		YES	OFI	NO		
12.1	<u>Does the Council have safe and efficient arrangements to safeguard public money?</u>	✓	A	B	C	N.B. Provide references to documentation where necessary Internal audit. Financial Regulations. Minutes. See section 9 above. See Financial Regulations, section 5- <i>Banking Arrangements</i> , section 6- <i>Instructions For The Making of Payments & section 7-Payment Salaries.</i> Section 6 of the Financial Regulations permits online payment However it is noted that online payments will be deferred pending a review of banking arrangements (see 9.1 above). Salaries will continue to be paid by cheque, signed by 2 members of the Council, pending the introduction of online payments.
12.2	<u>Does the Council review regularly the effectiveness of their arrangements to protect money?</u>	✓			Bank reconciliation statements.	A Councillor reviews the bank reconciliations quarterly and reports to the Council. In addition a practice has been introduced encouraging as many Councillors as possible to sign cheques, rather than just a regular Councillor.
12.3	<u>Are controls over money embedded in Standing Orders and Financial Statements?</u>	✓			Financial Regulations.	See Financial Regulations, all sections.
12.4	<u>Are 2 Council member signatures required for cheques and other orders for payment?</u>	✓			Financial regulations. Internal audit review.	As per section 2.4 of this report, the final agreed cheque listing the relevant cheques are signed off by 2 approved Council members. Financial Regulations include an instruction that 2 Council members are required to sign cheques or related instruments (see section 2.4).

Year Ending: 31 March 2015

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