

**WOOTTON PARISH COUNCIL INTERNAL  
AUDIT REPORT FOR THE YEAR ENDED  
31 MARCH 2016**

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**Introduction**

The final internal audit was carried out on 8<sup>th</sup> June 2016 at the offices of Wootton Parish Council following the interim audit conducted on 8<sup>th</sup> December 2015. There were no outstanding issues from the interim audit that required further attention.

Simon Di Lorenzo attended the site on 8<sup>th</sup> June 2016 to conduct the internal audit.

**Summary of Work Completed**

The work completed is identified in the following table below:

AREA OF WORK	WORK COMPLETED
Bank Reconciliations	a) Bank reconciliations were reviewed and agreed each month to ensure that controls were working effectively throughout the period.  b) The final reconciliation in the period was verified to the accounting data as entered to QuickBooks software.
Trade Debtors	a) Trade debtors were reviewed for recoverability to ensure that reported amounts are reasonable at the reporting date.
Trade Creditors	a) Trade creditors were reviewed for reasonableness and confirmed to supporting documentation where necessary.
VAT Returns	a) VAT returns for the year were reviewed and the closing balance was reconciled to the financial statements.
Substantive Income and Expenditure Testing	a) A sample of income and expenditure was confirmed to supporting documentation. Receipts and payments were confirmed to the bank statements respectively.  b) Internal authorisation procedures were checked for the council's expenditure for the period under review.
Payroll	a) A sample of wages was verified to supporting evidence to confirm timesheets and hours paid were in line with agreed amounts and that deductions were correctly calculated.  b) For the sample selected, rates of pay were verified to contracted amounts due.

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Risk Assessments	<p>a) The council's risk assessments were reviewed to ensure that due consideration has been given to identify the key and significant risks.</p> <p>b) To ensure that sufficient safeguards and controls are in place to mitigate identified risks.</p>
Fixed Asset Register	<p>a) The fixed asset register was reviewed to ensure that assets owned by the council are correctly recorded.</p> <p>b) The annual return was reconciled to the book value as recorded on the fixed asset register.</p>
Minutes of Meetings	<p>a) The minutes of meetings since the last internal audit were reviewed and any relevant information was noted.</p>
Review of Trial Balance	<p>a) The trial balance was reviewed for reasonableness</p> <p>b) The trial balance was confirmed to the accounts and annual return respectively to ensure financial results agree to source material.</p>
Insurance	<p>a) A review of insurance policies was conducted to ensure that sufficient cover is in place and is reasonable.</p>

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**Results**

The work completed is identified in the following table below:

AREA OF WORK	OBSERVATIONS/POINTS
Bank Reconciliations	<p>Bank reconciliations were reviewed and confirmed to be done on a monthly basis with due care and attention.</p> <p>Some variances were identified at the reporting date with respect to the prepaid cards currently in use, however variances totalled £4.48 and are considered to be immaterial to adjust in the current financial period.</p> <p>Variances were confirmed to have been corrected after the reporting date and no further issues were identified.</p>
Trade Debtors	<p>Debtors were confirmed to be recoverable by reference to cash received after the reporting date.</p> <p>We note that some cut-off errors were identified for events held after the reporting date where income has been recognised in full. No deferral of income was made in the financial information provided and these amounts remain outstanding as debtors on the balance sheet. We understand that at the time of audit these debtors totalled £3,296 and are all expected to all relate to the next financial period.</p> <p>Whilst on site, we also discussed the treatment of deposits held. Where deposits become non-refundable, this should be considered to be income in the accounts.</p>
Trade Creditors	<p>Trade creditors were reasonably stated and confirmed to supporting documentation.</p>
VAT Returns	<p>VAT returns were reviewed throughout the period and the final return was reconciled to the trial balance at the reporting date.</p> <p>We identified a variance of £23.04 for unreconciled items which are expected to be timing differences only.</p> <p>A review of the QuickBooks system showed that VAT has been reconciled properly.</p> <p>VAT is correctly being charged on income relating to the opted to tax property.</p>

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<p>Substantive Income and Expenditure Testing</p>	<p>No issues were identified with income and expenditure testing. A sample of 4 transactions was reviewed to supporting evidence and checked to ensure payments cleared the bank.</p> <p>Authorisation procedures were confirmed to be working effectively.</p> <p>Accounting entries were correctly recorded and posted to the correct nominal code.</p>
<p>Payroll</p>	<p>Payroll was confirmed to have been calculated correctly and reported amounts were confirmed to completed timesheets.</p> <p>Deductions were calculated correctly and rates of pay were in line with contracted/agreed amounts.</p>
<p>Risk Assessments</p>	<p>The Parish Council's risk assessments were confirmed to be reasonable and safeguards are considered to be appropriate and reasonably implemented.</p>
<p>Fixed Asset Register</p>	<p>The fixed asset register was reconciled to reported amounts as per the annual return.</p> <p>The fixed asset register is being maintained correctly.</p>
<p>Minutes of Meetings</p>	<p>Pertinent issues were identified as follows:</p> <p><u>Meeting held 21/10/2015</u> Finance committee established</p> <p><u>Meeting held 18/11/2015</u> Authorisation procedures were updated such that two councillor's signatures are required for purchases.</p> <p><u>Meeting held 20/01/2016</u> The chairman's recommendation that the Council maintain reserves totaling £110,000 split as £60,000 general reserve, £30,000 Administration and £30,000 for open spaces was noted.</p> <p>Dave Bailey resigned during the period and bank signatory was waiting to be appointed.</p> <p>The budgets were prepared and approved.</p> <p><u>Meeting held 17/02/2016</u> The EPOS till system was confirmed to be up and running</p> <p>S.106 money and final account balance from Wootton &amp; East Hunsbury Parish Council was received.</p>

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**Conclusion**

In our opinion the Council is keeping their books and records in order and is following internal control procedures that have been established.



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Meetings of Minutes (Cont.)	Precept income was noted to be in line with previous period with no changes.  <u>Meeting held 03/03/2016</u> Discussions were held regarding the option to tax and the respective partial exemption situation. It was agreed that an external review would be conducted.
Insurance	Documentation was reviewed and is expected to be sufficient to cover the requirements of the Parish Council.
Other Observations	During our audit we also observed the following:  a) A review of the trial balance identified that the Council had not recognised any closing cash in hand at the reporting date. It was identified that £500 should have been included as a cash float for the bar and has subsequently been adjusted in the next financial period.  b) Box 1 of the annual return identifies reserves at the beginning of the period which should agree with box 7 of the previous year. As this is the first period of the Parish Council existing we believe that funds introduced from Wootton & East Hunsbury Council on transition should have been recognised as income during the period under review.