



## Peter Tavy Parish Council Annual Return 2016

Requirement	Internal Audit Comments	Conclusion
<b>A</b> Appropriate books of account have been properly kept throughout the year.	<p><b>Observation:</b> The Council maintains its accounts using Excel which is commonly used by Councils of a similar size. On review of the transactions recorded there were a number of differences noted between the excel spreadsheets provided and the transactions (this particularly related to items which included VAT where the expense value was recorded gross rather than net of VAT)</p> <p><b>Recommendation:</b> The Council should improve the method of accounting. This could be done by either using a more robust spreadsheet or looking to use accounting software. (An example spreadsheet used during the audit was provided to the Clerk)</p>	<b>YES</b>
<b>B</b> The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<p>The Council reviewed its financial regulations at a meeting held on 8<sup>th</sup> July 2015</p> <p><b>Observation:</b> Payments made have been recorded in the Minutes however it is not currently practice for the cheque number of the payment to be recorded in the Minutes. There is therefore a risk that cheques may be raised and not approved in Minutes</p> <p><b>Recommendation:</b> The Council should include the cheque number in the Minutes approving payments. The Council should ensure that every cheque raised is recorded and approved in the Minutes.</p>	<b>YES</b>

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<p><b>C</b> The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>The Council reviewed risk at a meeting held on 8<sup>th</sup> July 2015</p> <p><b>Observation:</b> It was noted that the insurance value recorded for the two cottages in the asset register was £202,030. It is unclear when the Council last undertook an independent insurance valuation for these properties</p> <p><b>Recommendation:</b> The Council should obtain an up to date independent insurance valuation of the Cottages. In future the Council should obtain a revaluation for insurance purposes on a regular basis, at least every five years.</p>	<p><b>YES</b></p>
<p><b>D</b> The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<p><b>Observation:</b> The Council set its budget and precept at a meeting held on 10<sup>th</sup> December 2014. The Minutes record a precept approval of £7,500, however the receipt actually received was £7,212 with a grant of £288. (Central Government data records the precept as £7,290)</p> <p><b>Recommendation:</b> The Council should note that the precept recorded in the Minutes of December 2014 incorrectly records the value of the precept raised. The Council should clarify with West Devon Council the reason for Central Govt data recording the precept as £7,290</p> <p><b>Observation:</b> From a review of the minutes it was not possible to determine how the Council is monitoring progress against budget.</p> <p><b>Recommendation:</b> Regular budget reports (at least quarterly) should be submitted to Council. Council review of these reports should be recorded in the Minutes</p>	<p><b>YES</b></p>

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E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<p><b>Observation:</b> The Council receives rent on two cottages. From a review of the Minutes it is not clear when the Council last obtained independent advice as to the fair market rents for these properties. It was noted from a review of the Minutes that Councillors have previously declared an interest in the issue of the Cottages as the tenants were related to them.</p> <p><b>Recommendation:</b> The Council should obtain independent professional advice on the the rent that could reasonably be achieved for the two properties. The Council should note that a Parish Council does not have legal powers to provide social housing and that the management of the Cottages should be carried out in order to obtain best value.</p>	YES
F	Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	The Council does not maintain a Petty Cash	N/A
G	Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	<p><b>Observation:</b> It was noted that one payment of salary, vide cheque 1018 was recorded in the cashbook and supporting paperwork as £227.78, however the value cleared through the bank was £277.78 (a difference of £50). It is unclear what the reason was for this difference</p> <p><b>Recommendation:</b> The Council to review this transaction and determine the reason for this difference</p> <p>The Council operates payroll using HMRC Tools software.</p>	YES

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<p><b>H</b> Asset and investments registers were complete and accurate and properly maintained.</p>	<p><b>Observation:</b> The Council maintains an asset register which records asset values based on insurance valuations. The register does not record the cost of assets, which is the required basis for reporting assets on the Annual Return</p> <p><b>Recommendation:</b> The Council should note that assets should be valued for Annual Return purposes at cost. The Council should seek to establish the cost value of the assets and, if necessary, restate the value of assets reported on the Annual Return, including the value stated for prior year,</p> <p>During the year the Council purchase a defibrillator at a cost of £5,260 which was funded by a grant</p>	<p><b>YES</b></p>
<p><b>I</b> Periodic and year-end bank account reconciliations were properly carried out.</p>	<p><b>Observation:</b> It does not appear the regular bank reconciliations have been carried out during the year. It was possible during the audit to agree the bank balances to cashbook.</p> <p><b>Recommendation:</b> The Council should prepare and review bank reconciliations on a regular basis. At each parish meeting the Council should review transactions in the bank accounts</p>	<p><b>YES</b></p>
<p><b>J</b> Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.</p>	<p>The Council reports on a receipts and payments basis which is permitted for a council of this size. Consequently no debtors or creditors are recorded at year end</p>	<p><b>YES</b></p>

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<b>K</b> Trust funds (including charitable) The council has met its responsibilities as a trustee.	The Council does not act as Trustee	<b>N/A</b>

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