

4 JUNE 2013

**LITTLEHAMPTON TOWN COUNCIL**

**FINAL INTERNAL AUDIT REPORT TO THE AUDIT COMMITTEE**

**FOR THE YEAR ENDED 31 MARCH 2013**

## **INTRODUCTION**

An internal audit of the Town Council's financial records for the year 2012/2013 has recently been completed. The audit included all financial transactions for the period 1 April 2012 to 31 March 2013 inclusive.

The audit was undertaken in compliance with the requirements of the Accounts and Audit (England) Regulations 2011.

Regulation 6 of the Accounts and Audit Regulations states that the Council shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control, and any officer or member of that body shall, if the body requires -

(a) make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and

(b) supply the body with such information and explanation as that body considers necessary for that purpose.

The objective of the internal audit is to determine whether the accounting arrangements, procedural controls, records, and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions, so as to comply with all relevant legislation and best practice.

## **SCOPE**

The audit included examination of the accounts for the year ended 31 March 2013, review of the trial balance and nominal ledger, review of bank statements, review of supplier invoices, review of sales invoices and receipts, review of fixed asset register and insurance policy, review of agendas and minutes of meetings, review of budgets and confirmation that bank reconciliations and reports are prepared regularly and reviewed at regular meetings of the Parish Council.

At a visit on 28 March I also carried out a full review of the payroll records for the whole year.

The main objectives of this final visit were to confirm that the accounts agree with the underlying records and the annual return, and that internal controls still operate as previously documented.

## **UP-TO-DATE REVIEW OF COUNCIL MINUTES**

An up-to date review of Council Minutes was carried out. Standing Orders and Financial Regulations are adhered to.

## RISK MANAGEMENT AND INSURANCE

Risk assessment is carried out on a regular basis for all Town Council events, and for internal working practices.

The insurance cover has been reviewed, and is considered to be adequate.

## PAYROLL

The payroll records, including timesheets and expenses sheets were found to be in good order.

Adequate controls exist over approval of timesheets by line managers, and the payroll is always processed in a timely and efficient manner.

The Town Council joined the pilot RTI scheme in the year, and successfully reported in real time for the time it was enrolled, including successful processing and submission of year end returns and forms.

All payments of PAYE/NIC to HMRC, and net wages payments were checked to the bank statements, and confirmed to be correct.

## INTERNAL CONTROLS OVER RECORDING, AUTHORISING AND PAYING SUPPLIER INVOICES

I tested a number of transactions to confirm that invoices were properly authorised before payment, tracing them to the RBS system, and to the cheques and bank statements. No errors were identified.

## INTERNAL CONTROLS OVER RECORDING OF SALES INVOICES, RECEIPTS, AND BANKING

I tested a number of sales transactions, tracing them from the invoice to the paying in sheet, and to the bank statements, and vice versa. No errors were identified. From the sample tested I confirmed that invoices are raised in a timely manner, and cash is banked promptly.

## FINAL ACCOUNTS

The Council is classed as a “smaller relevant body” and the statutory accounts are produced in the form of an annual return. The Finance and Resources Manager has, however, produced a set of clear and concise accounts, giving detailed information about the reported figures, so as to satisfy the Members of the Council, and the general public.

The annual return accurately reflected the figures in the annual accounts.

The accounts agree to the trial balance and underlying records.

## **SUMMARY AND OPINION**

One of the functions of internal audit is to give assurance to members of the council that the financial systems and internal controls are operating correctly, and can be relied upon.

In connection with my examination, and having regard to the items reported herewith, no matter has come to my attention that gives me reasonable cause to believe in any material respect that the regulatory requirements have not been complied with.

The Finance and Resources Manager and her assistant are very thorough and competent. They consistently show a high level of understanding of the internal controls and accounting systems to which they must adhere.

The accounting arrangements, procedural controls, records and documentary evidence are considered to be exemplary, and accurately record the Council's financial position.

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RACHEL HALL (ACA)

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