

**INTERNAL AUDIT REPORT  
MARTON PARISH COUNCIL  
2015/16**

The internal audit of Marton Parish Council was carried out by undertaking the following tests in 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 next year we will follow up all recommendations included in the action plan.



**JDH Business Services Limited**

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**ACTION PLAN**

<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>FOLLOW UP</b>
1 Cheque numbers are not recorded on all payments vouchers resulting in a lack of audit trail through to the minutes and bank statements	<i>Cheque numbers should be recorded on all payment vouchers</i>	
2 The following documents were not provided for audit review: <ul style="list-style-type: none"><li>• Full Insurance Policy</li></ul>	<i>Please provide these documents for review for the next audit year</i>	
<b>2014/15 audit</b>		
1 Disaster recovery and business continuity risks are not identified in the annual risk assessment along with identified mitigating action such as regular offsite secure storage.	<i>The risk assessment should be updated to include disaster recovery and business continuity risk management</i>	<b>Implemented</b>
<b>Guidance note for 2015/16</b> An area of potential risk for the Council in 2015/16 is ensuring they meet the requirements of The Pensions Regulator with respect to auto enrolment, or they	<i>The Council should review this risk if they have not already done so and ensure they meet any requirements of The Pensions Regulator. See <a href="http://www.thepensionsregulator.gov.uk">www.thepensionsregulator.gov.uk</a> for</i>	<b>Noted</b>

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<p>may face fines. Even if staff are not eligible to be auto enrolled into a pension scheme, the Council may still have to complete a declaration of compliance.</p>	<p><i>further information.</i></p>	
<p><b>2013/2014 issues</b></p>		
<p>1 The council did not undertake and miniate a full risk assessment in the year and therefore cannot evidence that risks were assessed and appropriate risk management action taken. This is contrary to Regulation 4(1) and 4(2) of the Accounts and Audit Regulations (England) 2011.</p>	<p><i>The council should complete and miniate a full risk assessment annually.</i></p>	<p><b>Implemented</b></p>
<p>2 There is no evidence that VAT has been reclaimed for 2012/13 and 2013/14.</p>	<p><i>VAT should be reclaimed on a timely basis. NB VAT on standard rated clerk expenditure should also be reclaimed.</i></p>	<p><b>Implemented. Claim made on 31/3/15. Will be received in 15/16.</b></p>