



# Black Rose Solutions Limited

17<sup>th</sup> May 2018

Dear Ellen,

## **Hammerwich Parish Council – Internal Audit 2017/18**

I confirm that I have carried out an examination of your accounts and procedures, in accordance with the requirements of the Accounts and Audit Regulations 2015.

I can state that I have no concerns and nothing significant to report (minor observations listed over).

I would also confirm that I am totally independent of your Council and have no conflicts of interest arising, at any level, from association with any Member, employee or supplier.

Yours sincerely,

Mrs Sandra Morris ACMA



# Black Rose Solutions Limited

## Internal Audit Summary

**Budgetary controls** – an annual budget is prepared to support the precept, expenditure against budget is regularly reported to the council, there are no significant unexplained variances.

**Income Controls** – Income is properly recorded and promptly banked. The precept recorded agrees to LDCs notification.

**Petty Cash Procedures** – not applicable. Petty cash items are spent by the clerk using a prepaid card..

**Payroll Controls** – all employees have contracts, PAYE/NIC is properly operated, payments appear reasonable and approved by the council.

**Asset Controls** – the Asset Register is up to date and where possible matches to insurance valuations.

**Bank Reconciliation** – the bank reconciliation is prepared regularly, in a timely fashion and presented to council. There are no unexplained balancing entries.

**Year End Procedures** – Year end accounts are prepared on the Income and expenditure basis, accounts agree with the cashbook, there is an audit trail to all underlying financial records, debtors and creditors have been properly recorded.

**Proper Bookkeeping** – the cashbook is up to date, correct, regularly balanced and presented to council.

**Payment Controls** – an RFO has been appointed, payments are supported by invoices, authorised by 2 councillors and minuted. VAT is identified, recorded and reclaimed.

Some invoices had only been signed by 1 councillor – both councillors approving the invoice and signing the cheque should sign the invoice as a record of who approved it, in case of future enquiries, or disclosable interests – and as evidence that it has been reviewed prior to authorising payment.

**Review and Approval of Policies** – governance statement, risk register and asset register are reviewed and approved on an annual basis.

However review and update of the Standing Orders is overdue, and they refer to Financial Regulations which do not exist.

It is important that Standing orders and Financial Regulations are reviewed, updated and approved regularly to ensure that the council is operating within current legislation and best practices. NALC provide templates which can be a useful starting point. Then whenever the template is updated, it will prompt the council to review and update their version as well.

## Annual Internal Audit Report 2017/18

### HAMMERWICH PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The Internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		

K. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) Internal audit undertaken

22/3/18 + 17/5/18

Name of person who carried out the internal audit

SANDRA MORRIS ACMA

Signature of person who carried out the internal audit

Date

17/05/18

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

## Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

HAMMERWICH PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2018, that:

	Agreed		Yes means that this authority
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	/		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	/		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	/		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	/		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	/		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	/		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	/		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	/		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the authority will address the weaknesses identified.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

7 - 20/06/18  
dated 20.06.18

Signed by the Chairman and Clerk of the meeting where approval is given:

Chairman

KV Wunder

Clerk

OSR

Other information required by the Transparency Codes (not part of Annual Governance Statement)  
Authority web address

HAMMERWICH PARISH COUNCIL, CO. UK

Section 2 – Accounting Statements 2017/18 for

HAMMERNICH PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	37,040	42,923	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	23,049	26,333	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	14,862	3,183	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	5,027	5,057	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	/	/	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	27,001	19,115	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	42,923	48,267	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	42,923	48,267	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	456,794	459,235	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	/		The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	<p>The Council acts as sole trustee for and is responsible for managing Trust funds or assets.</p> <p>N.B. The figures in the accounting statements above do not include any Trust transactions.</p>

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

Date

20.06.18

I confirm that these Accounting Statements were approved by this authority on this date:

20.06.18

and recorded as minute reference:

8 - 20.06.18

Signed by Chairman of the meeting where approval of the Accounting Statements is given

## PART 5

### Inspection and notice procedure

#### **Period for the exercise of public rights**

**14.**—(1) Any rights of objection, inspection and questioning of the local auditor conferred by sections 26 and 27 of the Act may only be exercised within a single period of 30 working days.

(2) The period referred to in paragraph (1) starts with the day on which the period for the exercise of public rights is treated as having been commenced in accordance with regulation 15(3).

(3) During the period for the exercise of public rights a relevant authority must make the documents referred to in section 26(1) of the Act available for inspection on reasonable notice at all reasonable times.

#### **Commencement of the period for the exercise of public rights**

**15.**—(1) The responsible financial officer for a relevant authority must, on behalf of the authority, ensure that commencement of the period for the exercise of public rights under regulation 9(1)(b) or 12(3)(a) (as the case may be), takes place on such a day that ensures that the period referred to in regulation 14(1) includes—

- (a) ~~the first 10 working days of June of the financial year immediately following the end of the financial year to which the statement relates, where that authority is a Category 1 authority; or~~
- (b) the first 10 working days of July of the financial year immediately following the end of the financial year to which the statement relates, where that authority is a Category 2 authority.

## Councils' Accounts: A Summary of Public Rights

### The basic position

By law any interested person has the right to inspect a council's/meeting's accounts. If you are entitled and registered to vote in local council elections then you (or your representative) have additional rights to ask the appointed auditor questions about the council's accounts or object to an item of account contained within them.

### The right to inspect the accounts

When your council has finalised its accounts for the previous financial year it must advertise that they are available for people to inspect. Having given the council reasonable notice of your intentions, you then have 30 working days to look through the accounting statements in the Annual Return and any supporting documents. By arrangement, you will be able to inspect and make copies of the accounts and the relevant documents. You may have to pay a copying charge.

### The right to ask the auditor questions about the accounts

You can only ask the appointed auditor questions about the accounts. The auditor does not have to answer questions about the council's policies, finances, procedures or anything else not related to the accounts. Your questions must be about the accounts for the financial year just ended. The auditor does not have to say whether they think something the council has done, or an item in its accounts, is lawful or reasonable.

### The right to object to the accounts

If you think that the council has spent money that it should not have, or that someone has caused a loss to the council deliberately or by behaving irresponsibly, you can request the auditor to apply to the courts for a declaration that an item of account is contrary to law. You do this by sending a formal '*notice of objection*' to the auditor at the address below. **The notice must be in writing and copied to the council.** In it, you must tell the auditor why you are objecting and what you want the auditor to do about it. The auditor must reach a decision on your objection. If you are not happy with that decision, you can appeal to the courts.

You may also object if you think that there is something in the accounts that the auditor should discuss with the council or tell the public about in a '*public interest report*'. You must follow the same procedure as outlined in the previous paragraph. The auditor must then decide whether to take any action. The auditor does not have to, but usually will, give reasons for his/her decision and you cannot appeal to the courts. More information is available on the National Audit Office website (see contact details below).

You may not use this '*right to object*' to make a personal complaint or claim against your council. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or your solicitor. You may also be able to approach the Standards Committee of your local principal authority if you believe that a member of the council has broken the Code of Conduct for Members.

### What else you can do

Instead of objecting, you can give the auditor information that is relevant to his/her responsibilities. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the council runs its services. You should make it clear that you are providing information rather than making a formal objection. You do not have to follow any set time limits or procedures. The auditor does not have to give you a detailed report of any subsequent investigation, but will usually tell you the outcome.

### A final word

Councils, and so local taxpayers, must meet the costs of dealing with questions and objections. In deciding whether to take your objection forward, one of a series of factors the auditor must take into account is the cost that will be involved. The auditor will only continue with the objection if it is in the public interest to do so. If you appeal to the courts, you might have to pay for the action yourself.

**Who should you contact?**

For more detailed guidance on electors' rights and the special powers of auditors, copies of the publication ***Council Accounts – a guide to your rights*** are available by calling the National Audit Office on 020 7798 7000 or downloading from the website <https://www.nao.org.uk/>

If you wish to contact your Council's appointed external auditor please write to:

Cameron Waddell, Mazars LLP, Aykley Heads, Durham, DH1 5TS

Local council name: Hammerwich Parish Council

**Notice of appointment of date for the exercise of public rights**  
**Accounts for the year ended 31<sup>st</sup> March 2018**

## The Local Audit and Accountability Act 2014, and The Accounts and Audit (England) Regulations 2015 (SI 234)

<p>1. Date of announcement: <u>29.06.18</u></p> <p>2. Each year the Council's/Meeting's (b) Annual Return is audited by an auditor appointed by Public Sector Audit Appointments Limited. Any person interested has the right to inspect and make copies of the accounts to be audited and all books, deeds, contracts, bills, vouchers and receipts relating to them. For the year ended 31 March 2018 these documents will be available on reasonable notice on application to:</p> <p>(c) <u>Ellen Bird</u>  <u>Hammerwichparishclerk@gmail.com</u>  <u>07724 172871</u></p> <p>commencing on (d) <u>02.07.18</u></p> <p>and ending on (e) <u>10.08.18</u></p> <p>3. Local Government Electors and their representatives also have:</p> <ul style="list-style-type: none"> <li>• the opportunity to question the auditor about the accounts; and</li> <li>• the right to make objections to the accounts or any item in them. Written notice of an objection must first be given to the auditor and a copy sent to the Council/Meeting (f).</li> </ul> <p>The auditor can be contacted at the address in paragraph 4 below for this purpose during the inspection period at 2 above.</p> <p>4. The audit is being conducted under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit (England) Regulations 2015 and the National Audit Office' Code of Audit Practice. Your audit is being carried out by:</p> <p>Mazars LLP, Aykley Heads, Durham, DH1 5TS</p> <p>5. This announcement is made by (g)) <u>Ellen Bird, Clerk and RFO</u></p>	<p>(a) Insert date of placing of this notice on your website.</p> <p>(b) Delete as appropriate.</p> <p>(c) Insert name, position and contact details of the Clerk or other person to whom any person may apply to inspect the accounts.</p> <p>(d) And (e) The inspection period must include 2 July 2018 to 13 July 2018 inclusive and be 30 working days in total.</p> <p>(f) Delete as appropriate</p> <p>(g) Insert name and position of person placing the notice</p>
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