



**Fordingbridge Town Council Annual Return 2016 – Audit visit on 10<sup>th</sup> June 2016**

	Requirement	Internal Audit Comments	Conclusion
A	Appropriate books of account have been properly kept throughout the year.	The Council maintains its accounts using the Sage 50 accounting system which is commonly used by Councils of a similar size. Generally the accounts were found to be well maintained	YES
B	The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	The Council reviewed its financial regulations at a meeting of F&P Committee held on 27 <sup>th</sup> May 2015. It understood that an updated version of the regulations, including the requirements the new public contracts regulations will be adopted in 2016-17 financial year  A sample of bank payments was selected. In all cases it was possible to obtain sight of original supporting documents	YES
C	The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Council reviewed risk at a meeting of F&P Committee held on 30 <sup>th</sup> March 2016	YES

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<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 7<sup>th</sup> January 2015. It was noted that the Minutes record a Precept of £191,237, however the actual precept raised was £183,197, the balance of £8,040 being received as a grant</p> <p><b>Recommendation:</b> Council to note.</p> <p><b>Observation:</b> The Council maintains a number of earmarked reserves, which do not appear to have been amended for a number of years</p> <p><b>Recommendation:</b> Council to review its earmarked reserves</p>	<p><b>YES</b></p>
<p><b>E</b> Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	<p>The Council records debtors using the Sage Sales Ledger. A review of the ledger balance at year end did not identify any matters to report</p> <p><b>Observation:</b> The interim audit report referred to an issue of VAT on certain invoices. It is understood that the Council is in the process of negotiating a licence to occupy (which would not be subject to VAT)</p> <p><b>Recommendation:</b> Council to note.</p>	<p><b>YES</b></p>

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<b>F</b> Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<p>The Council maintains a Petty Cash. The volume and value of transactions is low</p> <p><b>Observation:</b> The council raised a £200 petty cash for the play scheme, this was charged to expenses code 6530. This is not an item of expense, it should have been charged to the balance sheet and recorded as a cash float.</p> <p><b>Recommendation:</b> payments to establish cash floats / petty cash balances should be charged to the balance sheet and not as an item of expenditure</p> <p><b>Observation:</b> Cashiers certificates confirming the year end petty cash balance were not available</p> <p><b>Recommendation:</b> In future Cashier confirmations to be obtained at year end</p>	<b>YES</b>
<b>G</b> 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> A number of recommendations were made respect of staff contracts and terms and conditions in the interim audit report. It is understood that they will be addressed during the 2016-17 financial year.</p> <p><b>Recommendation:</b> Council to review contracts etc. as a priority during 2016-17 financial year.</p> <p>There were no amounts due to HMRC in respect of PAYE and NI at year end as payment had been made prior to 31<sup>st</sup> March</p>	<b>YES</b>
<b>H</b> Asset and investments registers were complete and accurate and properly maintained.	<p>The Council maintains an asset register which has been updated for additions in the year.</p> <p><b>Recommendation:</b> Asset register to be reviewed and approved by Council</p>	<b>YES</b>

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list additions/disposals  
plus previous year.

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<b>I</b> Periodic and year-end bank account reconciliations were properly carried out.	The Council has conducted regular reconciliations of its bank accounts which have been subject to independent review. The year end bank balances were reviewed and checked and agreed to that cashbook.	<b>YES</b>
<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.	The Council reports on a income and expenditure basis. Year end accruals were reviewed and found to be reasonable. <b>Observation:</b> It was noted that the balance on the Lengthsman control account had not been reconciled and agreed <b>Recommendation:</b> the lengthmans control account to be reconciled on a regular (at least quarterly) basis <b>Observation:</b> It was noted that two supplier accounts BT and Bournemouth Water have overdue balances on them. It is understood that both these accounts are subject to ongoing action by the finance officer <b>Recommendation:</b> Council to note	<b>YES</b>
<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>