



Andover Town Council Annual Return 2016 – Audit visit on 23rd June 2016

Requirement	Internal Audit Comments	Conclusion
A Appropriate books of account have been properly kept throughout the year.	<p>The Council maintains its accounts using the Edge accounting system which is not commonly used by Councils of a similar size. Generally the accounts were found to be well maintained.</p> <p>Observation: The system in use at the Council is based on MS Access. It is relatively complex to operate and lacks certain reports which are normally considered standard within other accounting packages. One particular report that cannot be produced of the system is a Trial Balance which is normally a standard report on other systems.</p> <p>It is the view of the internal auditor that the council's current system is unduly complex which makes it more difficult for Council staff to effectively monitor and control the financial affairs of the Council</p> <p>Recommendation: The Council should conduct a review of its accounting arrangements to determine whether the existing system is the most appropriate for the Council's day to day operations</p>	YES
B The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<p>Observation: The Council reviewed its financial regulations at a meeting held on 14th May 2015. These regulations do not refer to the requirements recently issued Public Contracts Regulations. It is understood that the Council is in the process of updating its regulations with reference to the new 2016 NALC model regulations</p> <p>Recommendation: Council to note</p>	YES

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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 the Policy & Resources Committee held on 21 st April 2016	YES
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	The Council set its budget and precept at a meeting held on 28 th January 2015	YES
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<p>Observation: It was noted that there has been a delay in submitted VAT returns and reclaiming VAT due. The VAT return for the period ending 31st December 2015 due to be submitted by 7th February 2016 was not submitted until 19th April 2016 – 10 weeks late.</p> <p>Observation: as at the 31st March 2016 the balance on the VAT control account was £10,209 and the value of the two outstanding claims from HMRC total £5,470, this indicates that there is a balance of VAT not claimed of £4,739 . It is understood that the Clerk is aware of this and will arrange recovery of the amount due.</p> <p>Recommendation: The Council should note the delay in submitting VAT returns and ensure that they are submitted in a timely manner in future</p> <p>Recommendation: The Council should note that there is an significant under claim of VAT an establish why this VAT has not been claimed</p>	YES

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<p>F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.</p>	<p>The Council does not maintain a Petty Cash - the council does have an ALTO prepaid debit card which has not been used during the year.</p>	<p>N/A</p>
<p>G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.</p>	<p>Observation: The Council pays its employees using HMRC Tools payroll software. Employees are enrolled in the NEST pension scheme. It was noted that the pension contributions made to NEST are not under a 'Net Pay' arrangement, however they have been calculated under 'Net Pay' arrangement in the HMRC payroll software. This will have resulted in an incorrect calculation of income tax.</p> <p>Recommendation: The Council should review the PAYE calculation of all staff included within the NEST pension arrangement as it appears they will have underpaid income tax. The Councils should compute that value of the tax underpaid and consider what steps should be taken to pay over to HMRC any amount due.</p>	<p>YES</p>
<p>H Asset and investments registers were complete and accurate and properly maintained.</p>	<p>The Council maintains an asset register which has been updated for additions in the year</p>	<p>YES</p>

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I	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 by P&R Committee	YES
J	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>The Council reports on a income and expenditure basis which is required for a council of this size.</p> <p>Observation: It was noted that the values stated in the 2015 Annual Return differed significantly from those calculated by the Internal Auditor during the previous years audit. The major difference was that they overstated the value of the Council Reserves by the £4,250 being the value of allotment deposits held which should have been recorded as a Creditor. The return also overstated the Box 3 'Other Receipts' value by the same £4,250. There were also differences on Box 4 Staff Costs and Box 7 All Other Payments</p> <p>Recommendation: Council to restate the 2015 prior year values when submitting the 2016 Annual Return</p>	YES
K	Trust funds (including charitable) The council has met its responsibilities as a trustee.	The Council does not act as Trustee	N/A