

STAVELEY TOWN COUNCIL
INDEPENDENT INTERNAL AUDITORS REPORT
FOR THE YEAR ENDED 31ST MARCH 2017

Further to instructions received I have undertaken an internal audit of the Council's books and records in accordance with the Council's requirements and planned coverage under the guidelines of Governance and Accountability for Local Councils.

This work has been carried out on a sample basis so as to provide an assessment of compliance with the relevant policy and controls that are expected to be in operation during the above financial year. Where areas of concern are encountered additional work is undertaken to ascertain the extent of the problem and to form an opinion as to the effect on Council finances. Advice can then be given to correct the situation and the Council can then agree further controls where necessary to ensure future compliance with regulations. My audit has covered the work carried out by the Clerk to the Council and staff who were in office during the above year ensuring that relevant regulations have been met and the Council's resolutions have been carried out in a proper and timely manner. The following areas were subject to inspection.

Observance of Financial Regulations.
Observance of Standing Orders.
Operation and Reconciliation of Bank Accounts.
Cash Book Receipts and Payments.
Invoices Received.
Invoices Raised.
Value Added Tax Returns.
Preparation of Accounts.
Fixed Assets.
Council Minutes, Resolutions and Authorised Payments.
Risk Assessment.
Adequacy of Insurance cover.
Payroll Records.
Precept requirement and Budget.
Adequacy of Council Reserves.

Continued.

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In support of my completion of Section 4 of Staveley Town Council's Annual Return the matters affecting the Parish Council's system of internal control for the year ended 31st March 2017 to which I would like to draw the Council's attention to the points set out below.

E. There has been a VAT inspection during the year by H M Revenue & Customs that has raised the question as to whether there was ever an option to tax on supply of property taken out. Although VAT has been charged on these supplies by the Town Council it appears that there was never an option to tax filed with H M Revenue & Customs which brings into doubt the legality of these charges going back to June 2011 and also the VAT input tax recovered on costs relating to this property for the same period. This is a legacy issue and H M Revenue & Customs should have been properly informed of this at the time that the Town Council was originally considering the VAT aspect of the supply of property.

I note that this matter is currently being dealt with by both H M Revenue & Customs and the Clerk to the Council and that all required procedures shall be put in place to correct this situation early in the new financial year.

H. The Fixed Asset register is not up to date as at 31st March 2017 and a summary of Town Council Assets has not been put before the Council for agreement of its accuracy during the 2016/17 year. There is still a considerable difference between those Fixed Assets that have been allocated a value on the Asset Register and the figure entered on the Annual Return.

I recommend that these figures be reconciled where possible and consideration be given as to whether there is a need for a write down of the stated value of fixed assets. The external auditors should be consulted as to their opinion on this matter before a final decision is made by the Town Council.

Continued.

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In conclusion I can report that my inspection of Staveley Town Council's records has found that the internal control system for the year ended 31st March 2017 is very much improved but there were still issues arising from poor administration in earlier years that have caused problems. I am confident that the Clerk to the Council, together with the support of his staff, shall bring about a full return to the correct and effective working of Staveley Town Council's administration.



J S Marriott
Accountant
214 North Wingfield Road
Grassmoor
Chesterfield
S42 5ED

17th May 2017