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# **Warminster Town Council**

*Internal Audit Report 2014-15 (Final update)*

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## **Background and Scope**

The Accounts and Audit Arrangements introduced from 1<sup>st</sup> April 2001 require all Town and Parish Councils to implement an independent internal audit examination of their Accounts and accounting processes annually. The Council complied with the requirements in terms of independence from the Council decision making process appointing Auditing Solutions Ltd to provide the function for the Council.

This report provides detail of those areas examined during the course of our final visit to the Council for 2014-15, which took place on 1<sup>st</sup> May 2015 (delayed slightly whilst we waited for the accounting contractors to complete the year-end statement of Accounts and Annual Return data), and supplements the interim work undertaken on 5<sup>th</sup> September 2014.

## **Internal Audit Approach**

In concluding our review for the year, we have continued to have regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts.

As the Council's Internal Auditor and under the present audit arrangements, we have a duty to complete the internal audit certificate in the Council's Annual Return, which covers the basic financial systems and requires assurances in ten separate areas.

## **Overall Conclusion**

Overall, we are pleased to conclude that, in all areas examined for the year, the Council continues to have effective control systems in place to help ensure that transactions are recorded accurately in the financial ledger and, subsequently, the detailed Statement of Accounts and Annual Return that forms the statutory accounts of the Council subject to external audit certification. We are also pleased to acknowledge that sound Governance and Risk Assessment documentation is in place and subject to annual review and update.

There are no significant matters arising to warrant any formal recommendation: consequently, we have duly "signed off" the Internal Audit Certificate at Section 4 of the Annual Return, leaving the original documentation with the Clerk for completion of Parts 1 and 2 and submission to members for approval prior to onward transmission to the external auditors.

## **Detailed report**

### **Accounting Records and Bank Reconciliations**

The Council remains a full Omega accounts software user, with external contractors (DCK Beavers Ltd) continuing to provide a monthly accounts processing service. One combined cashbook for the Current & Instant Access bank accounts operated at HSBC is in place with no further term or other form of deposit account held.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have, consequently: -

- Verified that an appropriate cost centre and nominal ledger structure is in place;
- Checked the opening Trial Balance in the Omega software for 2014-15 to the closing Financial Statements for 2013-14 to ensure that all the detailed balances have been properly rolled forward. One minor anomaly with regard to the opening Earmarked and General Reserve balances was identified at our interim visit, most probably arising from late journal entries prepared by the external accountants in their final version of Omega compared with that retained at the Council offices: we provided detail of the variances to the Clerk for follow up and amendment by the accounting contractors when next they visit, which was actioned accordingly;
- Checked and agreed two sample months' transactions (July 2014 and March 2015) in both accounts, including the daily "sweep" transfers to maintain the current account balance at a constant £5,000;
- Checked and agreed the software based bank reconciliations as at 31<sup>st</sup> July 2014 and at 31<sup>st</sup> March 2015 with no long standing, uncleared effects or any other abnormal entries arising; and
- Verified the accurate disclosure of the combined cash and bank balances in the year's detailed Statement of Accounts and Annual Return.

#### ***Conclusions***

*There are no matters arising in this area to warrant formal recommendation.*

### **Review of Corporate Governance**

Our objective is to ensure that the Council has a robust series of corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. Consequently, we:

