

## Section 3 continued..

### 2. 2016/17 External auditor's report

**Except for the matters reported below on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no other matters have come to our attention giving cause for concern that relevant legislative and regulatory requirements have not been met. (Continued...)**

The Council categorised all of the clerk's end of year expenses paid in 2016/17 as 'other payments' (Box 6) when some of them related to travel claims and homeworking allowances, which should have been classified as 'staff costs' (Box 4). As the split could not be easily calculated the error was not corrected. In future, the Council should ensure that expenses are classified as staff costs unless they relate to reimbursements of specific purchases made by employees on the Council's behalf.

The Council asserted in its Annual Governance Statement that it maintained an adequate system of internal control (assertion 2) but the new internal auditor found that the bank reconciliation was not performed until year-end, cheque stubs were initialled once suggesting the requirement for two signatures on cheques may not have been met, receipts were not always evident for expenses and invoices were not raised for allotment fees. The Council should implement recommendations in the November 2017 Internal Audit Report as soon as possible.

The Council asserted in its Annual Governance Statement that it put in place arrangements for effective financial management (assertion 1) but the new internal auditor found no evidence of regular budget monitoring. The Council should ensure that in future it receives regular reports of performance against budget and the review of such reports is minuted.

The Council has been unable to provide evidence that it carried out and documented a formal risk assessment in 2016/17 although the Internal Audit report and the Annual Governance Statement at Section 1 both indicate that a risk assessment was carried out. For 2017/18 the Council should ensure that it documents its annual risk assessment.

The Council initially excluded a laptop bought by the clerk to work at home on council business from the fixed assets figure at Section 2 box 9 although the asset was funded from a transparency grant awarded to the Council. Although the clerk amended the annual return to include the laptop she deducted £63 from the purchase cost, which she believed to reflect her share of the ownership. She has subsequently agreed with the Council that the asset is fully council-owned and thus the value of fixed assets is still understated. In future, the Council should ensure that assets are purchased directly rather than by an employee to avoid confusion over ownership and enable the Council to recover VAT. The Council should also ensure that the asset register and annual return are complete and accurate.