

20 MAY 2018

FORD PARISH COUNCIL

INTERNAL AUDIT REPORT

FOR THE YEAR ENDED 31 MARCH 2018

INTRODUCTION

An internal audit of the Parish Council's financial records for the year 2017/2018 has recently been completed. The audit included all financial transactions for the period 1 April 2017 to 31 March 2018 inclusive.

The audit was undertaken in compliance with the requirements of the Accounts and Audit (England) Regulations 2015, and in accordance with the agreed and accepted Audit Plan.

Regulation 3 of the Accounts and Audit (England) Regulations states that the Parish Council must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk

Regulation 5 of the Accounts and Audit (England) Regulations states that the Parish Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and any officer or member of the Parish Council, if required to do so for the purposes of the internal audit shall -

- (a) make available such documents and records; and
- (b) supply such information and explanations;

The objective of the internal audit is to determine whether the accounting arrangements, procedural controls, records, and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions, so as to comply with all relevant legislation and best practice.

SCOPE

The audit included

- 1) examination of the receipts and payments account for the year
- 2) examination of payments and receipts spreadsheets
- 3) I carried out a detailed review of payments and receipts in the period. This included:-
 - a) Tracing purchase invoices to the payment approval sheets, matching to the bank statements, and agreeing the entries in the cash book
 - b) Agreeing bank deposits to the receipts summary
- 4) review of agendas and minutes of meetings,
- 5) review of budgets and confirmation that variances between actual and budgeted expenditure are regularly analysed and explained,
- 6) review of fixed asset register and insurance policy

- 7) confirmation that bank reconciliations and reports are prepared regularly and reviewed at regular meetings of the Parish Council.
- 8) review of VAT returns, and confirmation that they are completed accurately and filed on a timely basis, and that the balance refundable at 31 March 2018 agreed to the accounts

FINDINGS

- 1) The fixed asset value on last year's annual return was not amended to show a value of £5,884 (£5,540 + £1,488 - £547 - £597). The figure to include this year is the value per the fixed asset register - £6,014 (last year's value plus the addition of the printer)
- 2) The annual return was not completed correctly, and the bank and cash balances shown did not agree to the bank reconciliations. The bank reconciliation as at 31 March 2018 should include cheques dated on or before 31 March, even if they have not cleared the bank account. One cheque was not included, and the bank reconciliation was therefore not correct – this has now been amended
- 3) VAT had not been recorded or reclaimed on clerk / councillor expenses totalling £114.28 (although £28.03 of this was after the date of the last VAT claim)
- 4) Standing orders and financial regulations were reviewed and updated during the year
- 5) There was no record of appointing the internal auditor in the minutes, nor any acknowledgment of the internal audit report
- 6) I reviewed the Council website to ensure that the Local Government Transparency Code 2015 had been correctly implemented and adhered to. Agendas and minutes are only included up to 19th September 2017, but I am aware that the website is in the process of being moved to a different hosting site.

SUMMARY AND OPINION

One of the functions of internal audit is to give assurance to members of the council that the financial systems are operating correctly, and can be relied upon.

In connection with my examination, and having regard to the items reported herewith, no matter has come to my attention that gives me reasonable cause to believe in any *material* respect that the regulatory requirements have not been complied with.

The accounting arrangements, procedural controls, records and documentary evidence are considered to be satisfactory, and accurately record the Council's financial position.

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RACHEL HALL (ACA)
20 MAY 2018