

Annual Internal Audit Report 2017/18

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

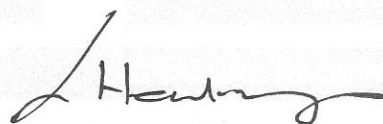
The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	Yes		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		No	Appendix 1
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		No	Appendix 1
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		No	Appendix 1
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	Yes		
H. Asset and investments registers were complete and accurate and properly maintained.	Yes		
I. Periodic and year-end bank account reconciliations were properly carried out.	Yes		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.		No	Appendix 1
K. (For local councils only)			
Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken 6/6/18 Name of person who carried out the internal audit LIA HEALINGS

Signature of person who carried out the internal audit



Date 6/6/18

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Werrington Parish Council

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Appendix 1

Findings and Recommendations

- B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.**

Findings

With the exception of the point noted in D (below) Financial regulations have been complied with in the year.

From the sample checking we have undertaken all payments were supported by invoices, expenditure was approved however we did note some instances where VAT had not been reclaimed appropriately.

Recommendation

Systems should be implemented within the accounting records to ensure that all eligible VAT is reclaimed.

- D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**

Findings

During this financial year there is no formal record that the budget has been regularly monitored, which is in breach of the parish council's financial regulations. The new clerk is not aware that this is something the outgoing clerk did and at the point she took it over it was not feasible to begin this exercise regularly, however it was reviewed when setting the precept for 2018/19, along with the preparation of the 2017/18 forecast to the year-end report. A new clerk was appointed towards the end of the financial year who is now intending to prepare quarterly budget reports going forward.

Recommendation

In line with Financial Regulations progress against budget should be monitored regularly and the level of reserves confirmed as appropriate.

- E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; VAT was appropriately accounted for.**

Findings

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for. The main source of income in the year was the precept and there was very little other income. The Parish Council has purchased a sports ground in the year which will become income generating in the future.

Recommendation

Systems need to be developed to ensure that all income from the sports ground is correctly invoiced and recorded and that amounts due are collected in a timely manner.

F. Petty Cash payments were properly supported by receipts ,all petty cash expenditure was approved and VAT appropriately accounted for.

Petty cash expenditure was supported by receipts and approved, however VAT had not been claimed on petty cash expenditure.

Recommendation

Systems should be implemented within the accounting records to ensure that all eligible VAT is reclaimed.

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

The accounting should be prepared on a receipts and payments basis; however they include £1,528 of accruals which we would not expect to see included when accounts are prepared on a cash basis. £100 cheque cashed for petty cash is also included within both income and expenditure. There is also a £1 rounding difference between box 7 and box 8. In terms of the expenditure for the year £1,528 is immaterial to the accounts. The clerk, who is new in post, new in post and is undertaking ongoing training.

Recommendation

In future accounts need to be prepared on a receipts and payments basis in line with Financial Regulations.