

Oulton Parish Council

Internal Audit Report

For Oulton Parish Council

Financial Year 2018 / 2019

Prepared by Maureen Anderson-Dungar
31 May 2019

Actions for your Council are now:

1. Discuss this report with your Council and take any appropriate action. This should be minuted.

I have completed an internal audit of the accounts for xxx Council for the year ending 31 March 2019.

My findings are detailed below using the tests provided in the **Governance and Accountability (England) 2018**.

I would like to thank the Clerk for providing me with all the information required for the Internal Audit.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Standing Orders -Yes. Financial Regulations – No. It is noted that these were diarised but not progressed, possibly due to the Clerk’s sick leave.
	Date Standing Orders last reviewed	31 July 2018
	Date Financial Regulations last reviewed	See above, but on the information provided for audit, there is no apparent financial risk to the Council
	Has a Responsible finance officer been appointed with specific duties?	Yes. The Clerk is also the Responsible Finance Officer.
	Have items or services above the de minimus amount been competitively purchased?	N/A
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Schedule of Payments prepared for each meeting and listed in the Minutes.
	Have legal powers been identified for purchases?	Not applicable for the year under review.
	Has VAT on payments been identified, recorded and reclaimed?	Yes.
	Is s137 expenditure separately recorded and within statutory limits?	Separate column in accounts for s.137, but not used during the year under review.
	Are S137 payments commensurate?	Not used during the year under review.
	Have S137 payments been approved and included in the minutes as such?	Not used during the year under review.

Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	No
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	No
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	No specific report, but Council is updated on financial matters at each meeting.
	Are there any significant unexplained variances from budget?	None
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	The Council does not hold cash.
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	The Council does not operate a petty cash system.
	Is petty cash expenditure reported to each council meeting?	Not applicable,
	Is petty cash reimbursement carried out regularly?	Not applicable.
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes. Copy of contract and job description provided for audit.
	Do salaries paid agree with those approved by the council?	Yes

	Are salaries above the National Living Wage / Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes, documented and itemised for approval at Council Meeting
	Have PAYE/NIC been properly operated by the council as an employer?	Yes
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Not provided for audit
	Where appropriate, are these inspected annually?	Play equipment inspected by approved and independent company.
	Are the assets and Investments registers up to date?	Not provided for audit
	Do asset insurance valuations agree with those in the asset register?	No evidence provided
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes, but no formal report to Council
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	Are there any unexplained balancing entries in any reconciliation?	None
	Is the value of investments held summarised on the reconciliation?	All detailed on reconciliation
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Receipts and Payments
	Do accounts agree with the cashbook?	Yes
	Has a year end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	All receipts and payments supported by relevant documentation
	Where appropriate, have debtors and creditors been properly recorded?	Accounts prepared on Receipts & Payments Basis. No debtors/creditors at year end.
	Is the Council adhering to the Transparency Code? (only relevant for councils with turnover of under £25,000) See Supplementary Page 1	Minutes, Agenda published on website, plus payments over £100, GDPR and Standing Orders. Financial Regulations to be added.

Procedural	Have minutes been signed by the Chairman?	Yes
	Has the Chairman initialled each page of the Minutes Book?	Yes
	Has the Chairman signed the original year end bank statements?	No but should be carried out at next meeting
	Has the Chairman signed the year end bank reconciliation?	No, but should be carried out at next meeting.
	Is eligibility for the General Power of Competence properly evidenced?	Council used s.137
	Have points raised on the last Internal Audit report been considered by council and actioned?	Report considered and adopted, with recommendations agreed.

Summary of my recommendations:

Financial Regulations should be adopted as a priority in the 2019/20 Financial Year. This was diarised but not progressed, possibly due to the Clerk's period of sickness.

An Asset Register should be prepared and included with the documentation available on the Council's website.

The Chairman should sign the year-end bank statements and the Bank Reconciliation at the meeting when the Accounting Statements are approved and signed.

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Signed

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Date