

Annual Internal Audit Report
2018 / 19
For
Ravenstone Parish Council
Governance and Internal Controls

Auditor Paul Cranfield

Date 9 May 2019

The matters raised in this report are only those that came to attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. The work does not provide absolute assurance that material errors, loss or fraud do not exist.

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1. INTRODUCTION

An audit of Governance and Internal Controls was undertaken as part of the approved internal audit periodic plan for 2018/19.

The system of accounting used by the Parish Council is a Receipts and Payments Account style and Balance Sheet. Annual Accounts drawn up in the traditional format have been produced, presented to the Parish Council and approved by them at a regular meeting.

2. SCOPE OF THE REVIEW

The objective of the audit was to evaluate the adequacy of control within the system and the extent to which these have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

3. FINDINGS AND RECOMMENDATIONS

Internal control	Test	Y/N	Comments
Previous internal audit	Do the minutes record that Council has considered the Internal Audit Report for the previous year and the matters arising addressed?	Y	No recommendation from previous audit 2017/18
Proper bookkeeping	Cashbook maintained and up to date? Is 'Alpha' or 'Omega' system used?	Y	Spreadsheet employed.
	Cashbook arithmetically correct?	Y	
	Cashbook regularly balanced?	Y	Reported to parish council monthly
Standing Orders & Financial Regulations	Has the Council formally adopted Standing Orders & Financial Regulations?	Y	Currently both are integrated into Standing Orders. Separate Financial Regulations in course.
	Has a Responsible Financial Officer been appointed?	Y	The Clerk of the Council has been appointed as RFO.
	Have items or services above a 'de minimis' amount been competitively purchased?	Y	Reasonable steps have been taken to purchase at a competitive price.
	Are payments in the cashbook supported by invoices and have they been authorised and minuted?	Y	
	Has VAT on payments been identified, recorded and reclaimed?	Y	
	Is Section 137 expenditure separately recorded within statutory limits?	Y	

Risk Management Arrangements	Do the minutes record the Council carrying out an annual risk assessment?	Y	
	Is insurance cover appropriate and adequate?	Y	Zurich Insurance policy. Annually reviewed.
	Are internal financial controls documented and regularly reviewed?	Y	
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	Y	
	Is actual expenditure against the budget regularly reported to the Council?	Y	
	Are there any significant unexplained variances from budget?	N	None
Income Controls	Is income properly recorded and promptly banked?	Y	
	Does the precept recorded in the cashbook agree to Milton Keynes Council's notification?	Y	
	Are security controls over cash adequate and effective?	N/A	Cash not held.
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A	Petty cash not held.
	Is petty cash expenditure reported to Council?	N/A	
	Is petty cash reimbursement carried out regularly?	N/A	
Payroll Controls	Do salaries paid agree with those approved by Council?	Y	
	Are other payments to the Clerk reasonable and approved by Council?	Y	Brought to council meeting for approval as needs.
	Has PAYE/NI been properly operated by the Council as an employer?	Y	

Assets Controls	Does the Council keep an Assets Register of all material assets owned?	Y	
	Is the Register up to date?	Y	
	Do asset insurance valuations agree with those in the Register?	Y	
Bank Reconciliation	Is there a bank reconciliation for each bank account?	Y	
	Is the bank reconciliation carried out regularly on the receipt of statements?	Y	Monthly.
	Are there any unexplained balancing entries in any reconciliation?	N	
Year-end Procedures	Are year-end accounts prepared on the correct accounting basis?	Y	Receipts and Payments.
	Do accounts agree with the cashbook?	Y	
	Is there an audit trail from underlying financial records to the accounts?	Y	
	Where appropriate, have debtors and creditors been properly recorded?	N/A	
Data Protection	Does the council hold a suitable Data Protection Policy?	Y	Information Policy held.

4. CONCLUSION

Taking account of the issues identified, the Parish Council can take assurance that the controls upon which it relies to manage this area, as currently laid down and operated, are consistently applied and effective.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

All controls as noted above have been reviewed and compliance is satisfactory.

Recommendations:- Completion of the drafting of separate Financial Regulations.