

Annual Internal Audit Report
2019 / 20
For
Ravenstone Parish Council
Governance and Internal Control

Auditor __Thomas Walker____

Date 23 June 2020

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.

This report is prepared solely for the use of Parish/Town Councillors of **Ravenstone Parish Council**. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

1. INTRODUCTION

An audit of Governance and Internal Controls was undertaken as part of the approved internal audit periodic plan for 2019/20.

The system of accounting used by the Parish Council is an Income and Expenditure Account/ Receipts and Payments Account* 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.

Due to the unusual circumstances removing the opportunity to undertake a face to face internal audit, this year's audit has been undertaken by a combination of emailing and video/telecalling.

(*Delete as appropriate)

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	How evidence assessed	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	Email minutes evidencing Council considering internal audit 2018/19	Received
Proper bookkeeping	Cashbook maintained and up to date? Is 'Alpha' or 'Omega' system used?	Y	If alpha- email example summary sheet. If excel, pdf of last time agreed.	Excel
	Cashbook arithmetically correct?	Y	Email year end reconciliation	Received
	Cashbook regularly balanced?	Y	Email evidence of one month's balancing	Received
Standing Orders & Financial Regulations	Has the Council formally adopted Standing Orders & Financial Regulations?	Y	Email minutes from annual parish meeting 2019.	Received
	Has a Responsible Financial Officer been appointed?	Y	Verify verbally	Confirmed

	Have items or services above a 'de minimis' amount been competitively purchased?	Y	Email copy of page of financial regs identifying level of 'de minimis' and details of any higher amounts and process to competitively purchase.	None apply
	Are payments in the cashbook supported by invoices and have they been authorised and minuted?	Y	Auditor to request range of payment references for the year and then ask for two/three invoices in evidence and the relevant minutes.	Evidenced
	Has VAT on payments been identified, recorded and reclaimed?	Y	Evidence of reclaim to be seen.	Reclaim to be done later in year
	Is Section 137 expenditure separately recorded within statutory limits?	Y	Clarify if there is any.	AH – through Alpha
Risk Management Arrangements	Do the minutes record the Council carrying out an annual risk assessment?	Y	Email minutes from 2019 where risk assessment is approved.	Received
	Is insurance cover appropriate and adequate?	Y	Email summary sheet.	Received
	Are internal financial controls documented and regularly reviewed?	N	Evidence in minutes of review of financial controls when last reviewed.	Minutes confirm from 2019 (no AM in 2020 due to Covid)

Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	Y	Copy of budget drafted to support item at budget meeting.	Received
	Is actual expenditure against the budget regularly reported to the Council?	Y	One set of minutes to evidence this.	Evidenced
	Are there any significant unexplained variances from budget?	Y		Grass cutting contribution 3.5x more than approved budget
Income Controls	Is income properly recorded and promptly banked?	Y	Is there any income? If so, evidence by email.	Precept and allotments
	Does the precept recorded in the cashbook agree to Milton Keynes Council's notification?	Y	Copy of the precept confirmation email and relevant cashbook page.	Evidenced
	Are security controls over cash adequate and effective?	N/A	By telecall	No cash
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/ receipts?	N/A	By telecall. If petty cash held, clarify by email as below.	No cash
	Is petty cash expenditure reported to Council?	N/A		No cash
	Is petty cash reimbursement carried out regularly?	N/A		No cash

Payroll Controls	Do salaries paid agree with those approved by Council?	Y	By telecall	Confirmed
	Are other payments to the Clerk reasonable and approved by Council?	Y	By telecall	Confirmed
	Has PAYE/NI been properly operated by the Council as an employer?	Y	By telecall	Confirmed
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	Y	Copy by email.	Received
	Is the Register up to date?	Y		Evidenced
	Do asset insurance valuations agree with those in the Register?	Y	Email copy of relevant page in insurance document, if necessary.	Confirmed
Bank Reconciliation	Is there a bank reconciliation for each bank account?	Y	Copy by email.	Received
	Is the bank reconciliation carried out regularly on the receipt of statements?	Y	By telecall	Confirmed
	Are there any unexplained balancing entries in any reconciliation?	N	By telecall	Confirmed
Year-end Procedures	Are year-end accounts prepared on the correct accounting basis?	Y	By telecall	Confirmed

	Do accounts agree with the cashbook?	Y	Copies by email	Received
	Is there an audit trail from underlying financial records to the accounts?	Y	Copies of year end statement balances to agree with records.	Evidenced
	Where appropriate, have debtors and creditors been properly recorded?	N/A	By telecall	None


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 good.

Recommendations: None.

Signed: 

Date: 03/07/20.