Annual Internal Audit Report 2018/19

STOKE BLISS, KYRE AND BOCKLETON PARISH COUNCIL

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 2019.

The internal audit for 2018/19 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.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			Not used ✓
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
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.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. *("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)*	✓		
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			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

15/4/19

Name of person who carried out the internal audit

Diane Malley

Signature of person who carried out the internal audit

DJ Malley

Date 15/4/19

*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).

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20th April 2019

Stoke Bliss Parish Council

27 Ryecroft Way
Martley
Worcester
WR6 6BF

Dear Chairman

Internal Audit Report

I have now completed the internal audit for Stoke Bliss Parish Council. I have carried out tests on the systems in place and have reviewed the internal controls. I confirm I have acted independently; the basis of the internal audit is by selective assessment of compliance with relevant procedures and controls.

A. Appropriate books of account
Appropriate books of account have been kept during the year. The council has used a spreadsheet to record the accounts which is adequate for the number of transactions. The accounts are kept up to date and there is evidence in the minutes they are balanced regularly.

B. Financial Regulations
There is a clear audit trail of all samples of expenditure picked, payments were supported by receipts or invoices and payment schedules were reported to meetings.

The council is now making payments by internet banking, this needs to be managed to ensure the internal controls remain intact. As only one person can now make payments, I would suggest that additional checks are made by at least one councillor as follows:

The clerk presents a monthly bank reconciliation together with a copy of the cashbook showing the totals of receipts and payments at the time of the reconciliation and a copy of the bank statements(s). At least one councillor should check the arithmetic on the bank reconciliation and double check the following points:

i) The opening balance on the bank reconciliation statement is the same as the closing balance from the previous financial year.
ii) The receipts equal the receipts total on the cash book
iii) The payments equal the payments total on the cash book
iv) A review is carried out of the receipts and payments to ensure there is nothing unusual listed
v) The bank balance on the bank reconciliation equals the bank balance on the bank statements as per the date of the bank reconciliation
vi) The councillor should sign the bank reconciliation, the cash book and the bank statements to show the checks have been carried out.

In reality it will not take long to carry out these simple checks but this simple practice will help reduce any risks that the internet banking method could be abused in the future.

A review of the financial regulations needs to be carried out to allow the use of internet banking and to incorporate these additional internal controls procedures.

There was a signed blank cheque within the council documents, please cross this through as cancelled and do not sign blank cheques.

VAT was appropriately accounted and a reclaim was made at the year end.

C. Risk Assessments
A risk assessment was presented to the council for review during the year, please ensure the updated risk assessment is held on file.

The council's insurance cover includes public liability, employer's liability and fidelity guarantee and is adequate for the council's needs.

D. Precept
The precept was set after the council considered its budget requirements for the year. Regular financial reports are provided to the council at each meeting and these should include reports where actual income and expenditure are compared against the budget.

E. Income
There were no unusual receipts during the year. The precept received was as per the precept request issued. All interest has been included in the cash book.

F. Petty Cash
Petty cash is not used.

G. PAYE
The PAYE is administered using HMRC's basic tools. The pay increase was clearly minuted and there is evidence of the RTI report held on the council records.

H. Asset Register
The parish council maintains an updated the asset register.

I. Bank reconciliations
The bank accounts are reconciled to the cash book regularly and this is evidenced in the minutes. I have recalculated the year end bank reconciliation and confirm it is correct.

J. Accounting Statements
The parish council prepares the accounting statements on a receipts and payment basis and agree to the cashbook.

General
To strengthen internal controls further the Chairman of the meeting should initial each minute page as well as signing the final page. This would make it more difficult to later insert an alternative page of minutes following the council approval of the minutes.

In general, the accounting records are well kept, and I would like to thank your clerk, Carole Hirst., for her assistance in the internal audit review and enclose my invoice for your attention.

Yours sincerely

DJ Malley

Diane Malley MAAT