

9 April 2018

**BERSTED PARISH COUNCIL**

**FINAL INTERNAL AUDIT REPORT**

**FOR THE YEAR ENDED 31 MARCH 2018**

## **INTRODUCTION**

An internal audit of the Parish Council's financial records for the year 2017/2018 has recently been completed. The audit included all financial transactions for the period 1 April 2017 to 31 March 2018 inclusive.

The audit was undertaken in compliance with the requirements of the Accounts and Audit (England) Regulations 2015, and in accordance with the agreed and accepted Audit Plan.

Regulation 3 of the Accounts and Audit (England) Regulations states that the Parish Council must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk

Regulation 5 of the Accounts and Audit (England) Regulations states that the Parish Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and any officer or member of the Parish Council, if required to do so for the purposes of the internal audit shall -

- (a) make available such documents and records; and
- (b) supply such information and explanations;

The objective of the internal audit is to determine whether the accounting arrangements, procedural controls, records, and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions, so as to comply with all relevant legislation and best practice.

## **SCOPE**

The audit included

- 1) examination of the income and expenditure account for the year
- 2) detailed inspection of the trial balance and nominal ledger and Quick Books postings
- 3) I carried out a detailed review of payments and receipts in the period. This included:-
  - a) Tracing purchase invoices to the payment approval sheets, matching to the cheque book stubs and to the bank statements, and agreeing the entries in the cash book – not all of the cheque book stubs were initialled by two councillors
  - b) Agreeing bank deposits to the receipts summary, matching to sales invoices, and tracing to the cash book
- 4) review of agendas and minutes of meetings,
- 5) review of budgets and confirmation that variances between actual and budgeted expenditure are regularly analysed and explained,
- 6) review of fixed asset register and insurance policy
- 7) confirmation that bank reconciliations and reports are prepared regularly and reviewed at regular meetings of the Parish Council.

- 8) review of VAT returns, and confirmation that they are completed accurately and filed on a timely basis, and that the balance refundable at 31 March 2018 agreed to the accounts
- 9) Assistance with the preparation of the annual return form and supporting schedules

## **FINDINGS**

- 1) Monies paid and received during the year have been accurately recorded and reconciled to the bank and cash balances
- 2) Points raised in the prior year's audit report were actioned by the Parish Council
- 3) The accounting records, minutes, standing orders and other financial information were found to be in good order
- 4) It would be useful if the account number / cost centre was recorded on the purchase invoices (this had been done most of the time, but there were a few exceptions)
- 5) VAT had not been claimed on two reimbursed expenses (B&Q and Robert Dyas) but the amounts were not material
- 6) There should be clear segregation of duties with regards to authorising and processing BACS payments
- 7) I reviewed the Council website to ensure that the Local Government Transparency Code 2015 had been correctly implemented and adhered to.

## **SUMMARY AND OPINION**

One of the functions of internal audit is to give assurance to members of the council that the financial systems are operating correctly, and can be relied upon.

In connection with my examination, and having regard to the items reported herewith, no matter has come to my attention that gives me reasonable cause to believe in any *material* respect that the regulatory requirements have not been complied with.

The accounting arrangements, procedural controls, records and documentary evidence are considered to be satisfactory, and accurately record the Council's financial position.

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RACHEL HALL (ACA)  
9 April 2018