

**Internal Audit Report
Weston On The Green Parish Council
Oxfordshire.**

**Internal Audit Final Report
2017-18**

9th August 2018

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Introduction

An internal audit review of Weston On The Green Parish Council's Financial controls for 2017/18 has been undertaken by Arrow Accounting. The work covered was a key control review of the systems in place for ensuring an adequate level of Governance and Financial control. Previous recommendations were followed-up.

Scope of the Internal Audit

The review included the following:-

- o Bookkeeping Arrangements.
- o Payments in relation to Financial Regulations.
- o Review of Internal Controls.
- o Budgetary Controls.
- o Expected Income fully received and properly recorded.
- o Petty Cash levels and payments supported and approved.
- o Payroll Controls, salaries & fees.
- o Asset Controls.
- o Bank Reconciliations.
- o Accounting Statements.
- o Trust Funds (If applicable).
- o Review and completeness of audit action plans.
- o Review of External Audit recommendations made in the previous year.
- o Review of Section 1 of the Annual Return and the Financial Statements.
- o Compliance with the Transparency Act.
- o Auditors Summary.

Findings, recommendations and action plan

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Process	Annual Return Section	Findings	Recommendations	Action Planned
Bookkeeping Arrangements	A	Appropriate books of account have been properly kept throughout the year. Well maintained with sound audit trails.	None	N/A
Councils Financial Regulations have been met in regard to expenditure.	B	<p>The Councils Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure.</p> <p>Payments were supported by Invoices, expenditure was approved and VAT was appropriately accounted for.</p>	However these Regulations do not appear to have been reviewed for some time. They need to be reviewed, approved and adopted by the Council Annually.	
Review of Internal Controls.	C	The Council has not assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	As there is no evidence that a Risk Assessment for 2017/18 has been completed. This requires review, approval and adoption by the Council every financial year.	

Process	Annual Return Section	Findings	Recommendations	Action Planned
Budgetary Controls (Precept requirement)	D	The Annual precept requirement resulted from an adequate budgetary process.	None	N/A
Budgetary Controls (Budget monitoring)		Progress against the Budget was regularly monitored.	None	N/A
The final Outturn is in line with expectations.		The Final Outturn was materially in line with expectations.	None	N/A
Income controls	E	Expected Income was fully received and properly recorded.	None	N/A
Petty cash controls	F	Petty cash was not operated by the Council.	None	N/A

Process	Annual Return Section	Findings	Recommendations	Action Planned
Payroll controls	G	<p>Salaries to employees and allowances to members were paid in accordance with council approvals.</p> <p>PAYE and NI requirements were properly applied.</p>	None	N/A
Asset Controls	H	<p>The Asset register has correctly recorded all material Assets. The correct basis of valuation has been applied.</p>	None	N/A
Asset Controls	H	<p>Additions in the year have been correctly recorded within the Cash Book and Register</p>	None	N/A
Asset Controls	H	<p>All appropriate Deeds and Titles have not been established and shown on the Register.</p>	<p>Recommend that this is fully completed and the Asset Register shows this.</p>	

Process	Annual Return Section	Findings	Recommendations	Action Planned
Bank Reconciliations	I	Periodic and year-end bank account reconciliations were properly carried out.	None	N/A
Accounting Statements	J	<p>Correct accounting basis used and reconciled to the Cash Book.</p> <p>Receipts & Payments</p>	<p>None</p> <p>.</p>	N/A
Trust Funds (If applicable)	K	The Parish Council does not operate as a Trustee for any external body.	None	N/A

Process	Criteria	Findings	Recommendations	Action Planned
Review of Internal audit action plan has been considered and actioned?	Good Practice	<p>Recommendations were made in the previous year 2016/17.</p> <p>Not established and no Internal Audit Report seen.</p>	<p>Recommend that an Internal Audit Report is provided at the completion of the Audit.</p> <p>Both Internal and External Audit Reports should be reviewed and accepted by the Council, evidenced within the minutes.</p>	

Process	Criteria	Findings	Recommendations	Action Planned
External Audit recommendations have been considered and actioned.	Good Practice	<p>Recommendations made in the previous year 2016/17.</p> <p>Not established and no report seen.</p>	<p>This report is requested by Internal Audit and should be provided.</p>	
Qualifications made, if any have been addressed in 2017/18.		<p>Could not establish if any were made.</p>	<p>As above this will become clear on the External Audit Report.</p>	

Process	Criteria	Findings	Recommendations	Action Planned
Accounting Statements agreed and reconciled to the Annual Return	<p>Section 1 of the Annual Return</p> <p>Part 1 of the Annual return is complete and accurate and reconciles to the statement of accounts.</p>	<p>The accounting statements in this annual return present fairly the financial position of the council and its income and expenditure.</p> <p>Both External and Internal Audit Reports have not been correctly approved by the Council.</p> <p>A review of the effectiveness of Internal Audit has not been carried out.</p> <p>Please ensure that the Fidelity Guarantee Insurance is in place. It is not clear on the Policy. Minimum amount £36,000.</p> <p>The Financial Statements have not been signed off by 30th June.</p>	<p>Recommend that these are reviewed and approved by the Council</p> <p>Recommend that this is carried out.</p> <p>Recommend that this is carried out.</p> <p>Recommend that this is carried out next year.</p>	

Process	Criteria	Findings	Recommendations	Action Planned
General Issues and findings	Overall issued identified	<p>The Council has completed all the other sections of the Agar before the completion of the Internal Audit. This is not acceptable or appropriate.</p> <p>The Council has even completed my Internal Audit certificate and also not acceptable or appropriate.</p> <p>Section 2 “Accounting Statements” Box 11 has not been completed.</p> <p>The name of the Council has not been completed on the headers of each page. External Audit will send this back to you.</p> <p>The answers on the check list should apply to the financial year audited. The precept answer does not agree with the Agar amount.</p>	<p>The Internal Audit should be completed before any other sections are completed.</p> <p>Recommend that the Council is aware of its responsibilities in this regard.</p> <p>As Above.</p> <p>Recommend that this is completed.</p> <p>Recommend that all responses apply to the Audit year in question.</p>	

Process	Criteria	Findings	Recommendations	
Compliance with the Transparency Act.	<ol style="list-style-type: none">1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements.2) Annual Return published on the Web-Site.3) Explanation of significant variances.4) Explanation of difference between Box 7 & 8 if applicable.5) Annual Governance Statement recorded.	Not completely established.	Recommend that all the actions listed under "Criteria" are implemented	

Process	Criteria	Findings	Recommendations	Action Planned
Compliance with the Transparency Act. (Contd)	1) Internal Audit Report Published. 2) A List of Councillors responsibilities. 3) Details of Public Land and Building Assets. 4) Minutes & Agendas		As for page 12	

Internal Auditors Summary Report

Weston On The Green Parish Council has an electorate in the region of 423, and the precept for 2017/18 was set at £10,258.

Overall, the Council has arrangements in place to satisfy itself that its systems of internal financial control are both adequate and effective. There are approval and authorisation controls and there is a clear audit and management trail for financial transactions.

However certain issued need to be addressed which I have reported on above with recommendations made.

Phil Hood
Arrow Accounting
(Internal Audit)
9th August 2018