

**Internal Audit Report
Wheatley Parish Council
Oxfordshire.**

**Internal Audit Final Report
2018-19**

23rd May 2019

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Report Index

1. Introduction
2. Scope of the Internal Audit.
3. Findings, recommendations and action plan.
4. Internal Auditors summary report.

Introduction

An internal audit review of Wheatley Parish Council's Financial controls for 2018/19 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

| 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 | The Councils Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure. | None | N/A |
| | | Payments were supported by Invoices, expenditure was approved and VAT was appropriately accounted for. | None | N/A. |
| Review of Internal Controls. | C | The Council has assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | None | N/A |

| 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 | Salaries to employees and allowances to members were paid in accordance with council approvals. PAYE and NI requirements were properly applied. | None | N/A |
| Asset Controls | H | The Asset register has correctly recorded all material Assets. The correct basis of valuation has been applied. | None | N/A |
| Asset Controls | H | Additions in the year have been correctly recorded within the Cash Book and Register | None | N/A |
| Asset Controls | H | All appropriate Deeds and Titles have been established and shown on the Register. | Recommend that all Deeds/Titles to Land are established and recorded on the Asset Register. | |

| 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 | Correct accounting basis used and reconciled to the Cash Book. Income & Expenditure | None | 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 2017/18.</p> <p>Testing showed that the Council had not reviewed and formally adopted the Risk Assessment in 2017/18. Although a Risk Assessment is in place, it should be formally presented to Council for approval.</p> <p>Recommended that all Deeds/Titles to Land are established and recorded on the Asset Register.</p> <p>Recommended that Precept should be split from the other receipts.</p> <p>The Staff Costs had not been split from the administrative expenses which was all one block amount.</p> | Cleared this year. No Recommendations. | N/A |

| Process | Criteria | Findings | Recommendations | Action Planned |
|--|---|---|--|----------------|
| Review of Internal audit action plan has been considered and actioned? | <p>Good Practice</p> <p>Balance Sheet</p> | <p>Recommendations were made in the previous year 2017/18.</p> <p>It was hard to establish the Vat Debtor because of confusing Vat codes on the Trial Balance.</p> <p>Notes explaining the Debtors & Creditors had not been provided on the Financial Statements.</p> <p>Council Balances had not been distinguished between General Fund & Earmarked Reserves.</p> | Cleared this year. No Recommendations. | N/A |

| Process | Criteria | Findings | Recommendations | Action Planned |
|---|---------------|--|---|-----------------------|
| <p>External Audit recommendations have been considered and actioned.</p> <p>Qualifications made, if any have been addressed in 2018/19.</p> | Good Practice | <p>Recommendations made in the previous year 2017/18.</p> <p>Significant variances not explained in full</p> <p>There were no qualifications to address.</p> | <p>None. Completed this year.</p> <p>None</p> | <p>N/A</p> <p>N/A</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> | The accounting statements in this annual return present fairly the financial position of the council and its income and expenditure. | None | N/A |

| Process | Criteria | Findings | Recommendations | Action Planned |
|---|---|---------------|-----------------|----------------|
| <p>Compliance with the Transparency Act.</p> <p>Not a requirement but this demonstrates good governance</p> | 1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements. | Not Compliant | None | N/A |
| | 2) Annual Return published on the Web-Site. | Compliant | None | N/A |
| | 3) Explanation of significant variances. | Compliant | None | N/A |
| | 4) Explanation of difference between Box 7 & 8 if applicable. | Compliant | None | N/A |
| | 5) Annual Governance Statement recorded. | Compliant | None | N/A |

| Process | Criteria | Findings | Recommendations | Action Planned |
|---|--|-----------|-----------------|----------------|
| Compliance with the Transparency Act. (Contd) | 1) Internal Audit Report Published. | Compliant | None | N/A |
| | 2) A List of Councillors responsibilities. | Compliant | None | N/A |
| | 3) Details of Public Land and Building Assets. | Compliant | None | N/A |
| | 4) Minutes & Agendas | Compliant | None | N/A |

Internal Auditors Summary Report

Wheatley Parish Council has an electorate in the region of 3,198, and the precept for 2018/19 was set at £113,909.

Overall, the Council has sound 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.

Phil Hood
Arrow Accounting
(Internal Audit)
23rd May 2019

