

**Internal Audit Report
Kingston Bagpuize with Southmoor Parish Council
Oxfordshire.**

**Internal Audit Final Report
2016-17**

22nd June 2017

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Introduction

An internal audit review of Kingston Bagpuize with Southmoor Parish Council's Financial controls for 2016/17 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 **Auditors Summary.**



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>	<p>Recommend that a review is made of Financial Regulations annually.</p> <p>Recommend that Section 137 expenditure is correctly identified, and other LG spending powers are correctly identified.</p>	
Review of Internal Controls.	C	Although the Council had completed a Risk Assessment document, it had not been reviewed by the Council until 3 rd April 2017 significant risks therefore had not been covered correctly	Recommend that this is undertaken urgently as this was not completed last year.	

Process	Annual Return Section	Findings	Recommendations	Action Planned
<p data-bbox="241 389 560 517">Budgetary Controls (Precept requirement)</p> <p data-bbox="241 660 560 740">Budgetary Controls (Budget monitoring)</p> <p data-bbox="241 836 560 963">The final Outturn is in line with expectations.</p>	D	<p data-bbox="801 389 1256 564">The Annual precept requirement resulted from an adequate budgetary process.</p> <p data-bbox="801 660 1240 740">Progress against the Budget was regularly monitored.</p> <p data-bbox="801 836 1151 963">The final Outturn was materially in line with expectations.</p>	<p data-bbox="1442 389 1532 421">None</p> <p data-bbox="1442 660 1532 692">None</p> <p data-bbox="1442 836 1532 868">None</p>	<p data-bbox="1832 389 1912 421">N/A</p> <p data-bbox="1832 660 1912 692">N/A</p> <p data-bbox="1832 836 1912 868">N/A</p>
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.	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.	None	N/A

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.	None	N/A
Trust Funds (If applicable)	K	Not applicable. The Parish Council does not operate as a Trustee for any external body.	None	N/A

Process	Criteria	Findings	Recommendations	Action Planned
<p>Review of Internal audit action plan has been considered and actioned?</p>	<p>Good Practice</p>	<p>Recommendations made in the previous year 2015/16 have been actioned.</p> <p>Recommended that all Major Contracts are reviewed and comply with the Financial Regulations.</p> <p>Recommended that the Financial Regulations are reviewed and adopted each and every Financial Year.</p> <p>Recommended that the Risk Assessment is completed and adopted each and every Financial Year.</p> <p>Section 137 spending incorrectly stated.</p>	<p>Completed this year</p> <p>As recommended above</p> <p>As recommended above</p> <p>As recommended above</p>	<p>N/A</p>

Process	Criteria	Findings	Recommendations	Action Planned
<p>Review of Internal audit action plan has been considered and actioned?</p>	<p>Good Practice</p>	<p>Recommendations made in the previous year 2015/16 have been actioned.</p> <p>Recommended that an Asset Register is in evidence and updated if and when applicable.</p> <p>Recommended that additions and disposals are clearly identified.</p> <p>Recommended that a separate Bank Reconciliation document is drawn up showing unrepresented transactions.</p> <p>Recommend that the Council revert to the Receipts & Payments system.</p>	<p>Completed this year</p> <p>Recommend this is completed</p> <p>Completed this year</p> <p>Completed this year</p>	<p>N/A</p>

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 2016/17.</p>	<p>Good Practice</p>	<p>Recommendations made in the previous year 2015/16.</p> <p>Risk Assessment not completed.</p> <p>There were was one qualifications to address. (Risk Assessment)</p>	<p>Recommend completion each and every financial year.</p> <p>Recommendation as above</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 2 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, or properly present receipts and payments, as the case may be.	None	N/A

Process	Criteria	Findings	Recommendations	Action Planned
Compliance with the Transparency Act.	1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements.	Compliant	None	N/A
	2) Annual Return published on the Web-Site.	Not Compliant	Recommend that all non compliance areas on this report are rectified within each financial year.	
	3) Explanation of significant variances.	Compliant		N/A
	4) Explanation of difference between Box 7 & 8 if applicable.	Not Applicable		N/A
	5) Annual Governance Statement recorded.	Not Compliant		N/A

Process	Criteria	Findings	Recommendations	Action Planned
Compliance with the Transparency Act. (Contd)	1) Internal Audit Report Published.	Compliant	Recommendation as stated above.	N/A
	2) A List of Councillors responsibilities.	Compliant		N/A
	3) Details of Public Land and Building Assets.	Not Compliant		
	4) Minutes & Agendas	Compliant	None	N/A

Internal Auditors Summary Report

Kingston Bagpuize with Southmoor Parish Council has an electorate in the region of 2,378 and the precept for 2016/17 was set at £37,440.

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)
22nd June 2017

