

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

**Internal Audit Final Report
2016-17**

31st May 2017

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Introduction

An internal audit review of Finmere 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 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
<p data-bbox="85 251 397 375">Budgetary Controls (Precept requirement)</p> <p data-bbox="85 519 407 601">Budgetary Controls (Budget monitoring)</p> <p data-bbox="85 743 392 868">The final Outturn is in line with expectations.</p>	D	<p data-bbox="639 251 1068 422">The Annual precept requirement resulted from an adequate budgetary process.</p> <p data-bbox="639 519 1083 601">Progress against the Budget was regularly monitored.</p> <p data-bbox="639 698 991 822">The Final Outturn was materially in line with expectations.</p>	<p data-bbox="1277 251 1369 282">None</p> <p data-bbox="1277 519 1369 551">None</p> <p data-bbox="1277 743 1369 775">None</p>	<p data-bbox="1667 251 1740 282">N/A</p> <p data-bbox="1667 519 1740 551">N/A</p> <p data-bbox="1667 743 1740 775">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. The correct basis of valuation has been applied.	Recommend that the Council establish the ownership rights of the Village Hall & the Sports Pavilion.	
Asset Controls	H	Additions in the year have been correctly recorded within the Cash Book and Register	Recommend that the Village Hall is entered on the Register at a £1 as cost can not be ascertained.	
Asset Controls	H	All appropriate Deeds and Titles have been established and shown on the Register.	Recommend that the Council record the Title Deed references on the 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. Receipts & Payments	None	N/A
Trust Funds (If applicable)	K	The Parish Council does 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 were made in the previous year 2015/16.</p> <p>Declaration of Interests recorded in the minutes</p> <p>Council to review cheque signatory authorisations</p> <p>Loan Status reviewed on the Assets Register</p>	<p>None</p> <p>Completed this year.</p> <p>Completed this year</p> <p>External Audit has cleared this point</p> <p>.</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>No Recommendations made in the previous year 2015/16.</p> <p>There were no qualifications to address.</p>	<p>None</p> <p>None</p>	<p>N/A</p> <p>N/A</p>

Process	Criteria	Findings	Recommendations	Action Planned
<p>Accounting Statements agreed and reconciled to the Annual Return</p>	<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>Local Government Spending Powers</p> <p>Review of the Financial Regulations</p>	<p>Recommend that the Local Government Powers are correctly used. They should be listed on a supporting statement to the Accounts.</p> <p>Recommend that Financial Regulations are reviewed each and every year</p>	

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

Process	Criteria	Findings	Recommendations	Action Planned
Compliance with the Transparency Act. (Contd)	1) Internal Audit Report Published.	Not Compliant	Publish this on the Web-Site.	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

Finmere Parish Council has an electorate in the region of 389, and the precept for 2016/17 was set at £8,600.

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)
31st May 2017

