

INTERNAL AUDIT REPORT
ANTROBUS PARISH COUNCIL
2018/19

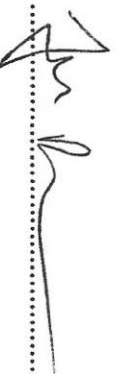

The internal audit of Antrobus Parish Council was carried out by undertaking the following tests as specified on the Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.


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JDH Business Services Limited

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ACTION PLAN

ISSUE	RECOMMENDATION	FOLLOW UP
<p>1 The 2018/19 fixed asset register was not provided with the books and records for internal audit. The 2017/18 register has been provided and the variance analysis shows that the explanation for the reduction in fixed assets in 2018/19 is due to the transfer of assets to a separate group in August 2019. However, the 2018/19 fixed asset value should show the status of fixed assets as at March 31st 2019.</p>	<p><i>The council should complete a 2018/19 fixed asset register and ensure any transfers of fixed assets after March 31st 2019 are excluded. The final fixed asset value as at 31/3/19 should then be shown on the 2018/19 AGAR annual return.</i></p>	
<p>2 Staff expenses</p> <p>Sample testing identified that for the March 2019 expenses claim no voucher was provided for the £14.99 Ink Supplies. With no valid voucher the VAT will also not be able to be reclaimed.</p>	<p><i>Invoices should be supplied for all stationary expenses claims.</i></p>	
<p>IMPORTANT GUIDANCE NOTE</p> <p>INTERNAL AUDIT CERTIFICATE in the AGAR</p> <p>There is a new internal control objective (Objective L) in the 2018/19 internal audit certificate that requires internal audit to conclude on whether the Public Rights Notice during the previous Summer was compliant with the Regulations. This is pre-filled for 2018/19 but in order to test this and conclude YES or NO for the 2019/20 internal audit we would need to receive with the 2019/20 books and records:</p>		

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ISSUE	RECOMMENDATION	FOLLOW UP
<p>- A copy of the completed 2018/19 Notice of Public Rights and Publication of the Unaudited Annual Governance and Accountability Review</p> <p>- A dated photograph showing the first day of the Notice of Public Rights on the noticeboard and/or a dated computer screenshot showing the first date of the Notice of Public Rights on the website for 2018/19</p> <p>Our approach to this new requirement will be to conclude NO if we have not received the above evidence and explain on the AGAR that we received insufficient evidence to be able to conclude YES; we would also conclude NO if the dates advertised were not compliant with the Regulations.</p> <p>This will be a new ongoing requirement for internal audit, as well as verifying whether certain smaller councils meet the exemption criteria from an external audit. Therefore, for the 2019/20 internal audits there will be additional time charged at a fixed fee of £9 + VAT per local council to complete the new requirements.</p>		
<p>2017/18 internal audit</p>		
<p>1 The annual return has been completed incorrectly as 2016/17 figures are included in 2017/18 columns and vice versa</p>	<p><i>The annual return should be amended</i></p>	<p>Implemented</p>
<p>2 All reserves appear to be earmarked for specific purposes. It is good practice to also maintain general reserves and sector guidance is that these should be between 25% and 100% of the precept. General reserves are held to ensure the council can meet expenditure arising from unforeseen events.</p>	<p><i>The reserves policy should be reviewed</i></p>	<p>Implemented</p>
<p>3 Data Protection Law will change</p>	<p><i>The impact of GDPR on the council should</i></p>	<p>Ongoing implementation</p>