Internal Audit Report
Caversfield Parish Council
Oxfordshire.

Internal Audit Final Report
2014-15

19th May 2015

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Introduction

An internal audit review of Caversfield Parish Council's Financial controls for 2014/15 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:-

- **Bookkeeping Arrangements.**
- **Payments in relation to Financial Regulations.**
- **Review of Internal Controls.**
- **Budgetary Controls.**
- **Expected Income fully received and properly recorded.**
- **Petty Cash levels and payments supported and approved.**
- **Payroll Controls, salaries & fees.**
- **Asset Controls.**
- **Bank Reconciliations.**
- **Accounting Statements.**
- **Trust Funds (If applicable).**
- **Review and completeness of audit action plans.**
- **Review of External Audit recommendations made in the previous year.**
- **Review of Section 1 of the Annual Return and the Financial Statements.**
- **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.** **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.**	**However, I would recommend that the Council review the Effectiveness of Internal Audit. A guide template has been forwarded to the Parish Clerk.**	

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.	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. Receipts & Payments	None Agreed to Cash Book	N/A
Trust Funds (If applicable)	K	The Parish Council does not operate as a Trustee for any external body.	None	None

Process	Criteria	Findings	Recommendations	Action Planned
Review of Internal audit action plan has been considered and actioned?	**Good Practice**	**Recommendations were made in the previous year 2013/14 .** **Minimal Points**	**None**	**N/A**
External Audit recommendations have been considered and actioned.		**No recommendations made in the previous year 2013/14.**	**None**	**N/A**
Qualifications made, if any have been addressed in 2014/15.		**There were no qualifications to address.**	**None**	**N/A**

Review of Critical Financial & Governance Documents	Findings	Recommendations	Action Planned
Year End Accounts.	Complete & Accurate.	None	N/A
Annual Return.	Complete & Accurate.	None	N/A
Risk Assessment.	Reviewed in the year.	None	N/A
Insurance Policy.	Reviewed the Fidelity Insurance cover.	None	N/A
Asset Register.	Complete and Accurate.	None	N/A
Bank Reconciliation.	Complete and Accurate.	None	N/A
Variance Analysis.	Completed.	None	N/A
External Audit Report.	Reviewed Issues covered.	None	N/A
Vat Return (if applicable).	Completed and Accurate.	None	N/A
Bank Mandates & cheques.	Following best practice.	None	N/A
PAYE Confirmations	Reviewed and in place.	None	N/A

Process	Criteria	Findings	Recommendations	Action Planned
Accounting Statements agreed and reconciled to the Annual Return	Section 1 of the Annual Return Part 1 of the Annual return is complete and accurate and reconciles to the statement of accounts.	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.	However, I would recommend that the Financial Statements are presented in the format which is standard throughout most Town and Parish Councils. I have forwarded a template to the Parish Clerk for future implementation. I would also recommend that The Council consider the correct LG Spending Powers by reference to the Good Councillors Guide.	

Internal Auditors Summary Report

Caversfield Parish Council has an electorate in the region of 1,187 and the precept for 2014/15 was set at £4,028.

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
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(Internal Audit)
19th May 2015