Etaerio Ltd

Annual Internal Audit Report

for

Flamstead Parish Council

for the financial year ended
31 March 2020

Auditor:	*Philip Rhoden*
Internal Audit Date:	*Offsite & 07/08/2020*
Report Date:	*11/08/2020*
Financial Year:	*2019/20*

Etaerio Ltd

Schedule of Recommendations

Client: Flamstead Parish Council
Y/E: 31 March 2020

	Control	Recommendation(s)
1	Proper bookkeeping.	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls.	None.
3	Risk management arrangements.	I recommend that in addition to minuting the review of the effectiveness of the council's system of internal control, it is good practice to also separately minute the review of the council's overall internal audit arrangements. Noting that there were no 'matters arising' re 2018/19, I recommend that it is good practice to minute the receipt (and consideration) of the external audit certificate and report.
4	Budgetary controls.	None.
5	Income controls.	Noting that this has been addressed in relation to the two instances identified during the course of the internal audit re 2019/20, I recommend that credits (such as a credit note resulting in a refund) in relation to expense items are recognised as a reduction in payments rather than as other receipts, and that as appropriate VAT on the credits is accounted for to reduce the corresponding amount of VAT claimed by the council.
6	Petty cash procedures.	None.
7	Payroll controls.	I recommend that the council confirms it is satisfied with its approach to expenses such as mobile phone and 'home' phone/broadband for PAYE purposes and if an alternative approach is deemed necessary, that the approach considers also administrative time e.g. although an agreed 'fixed' allowance as an addition to salary may result in less VAT being reclaimed, it requires much less administrative effort once agreed.
8	Assets controls.	I recommend that it is good practice for the method of asset valuation adopted (policy) to be formally recorded in the asset register with reference to its last approval by the council.
9	Bank reconciliation.	None
10	Year-end procedures.	None.
11	Exempt authority	N/a.
12	Public rights	Under 15(3) of The Accounts and Audit Regulations 2015, the public rights period does not start until the obligations under 15(2) have been met, which includes publication on the council's website. As it appears the relevant information and documentation was not posted on the council's website in 2019, this means the public rights notice period requirements were not met. I recommend that going forward all the required information and documentation is posted on the council's website, complying also with the various timing requirements.
13	Responsibility as a trustee.	N/a.
14	Basic IT controls.	I recommend that the council checks that the data on its laptop and on its backup media are encrypted.

Annual Internal Audit Report 2019/20

Flamstead Parish Council

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2020.

The internal audit for 2019/20 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")*			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. *Public rights documentation was not posted on the council's website meaning notice requirements were not met. The council is recommended to publish the required information and documentation on the council's website .*		✓	
	Yes	**No**	**Not applicable**
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 07/08/2020

Name of person who carried out the internal audit: Etaerio Ltd (Philip Rhoden)

Signature of person who carried out the internal audit: P.K. Rhoden

Date: 11/08/2020

*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).