Etaerio Ltd

Annual Internal Audit Report

for

Flamstead Parish Council

for the financial year ended
31 March 2019

Auditor: *Philip Rhoden*
Internal Audit Date: *05/06/2019 & 6/06/2019*
Report Date: *14/06/2019*
Financial Year: *2018/19*

Etaerio Ltd

Schedule of Recommendations

Client: Flamstead Parish Council
Y/E: 31 March 2019

	Control	Recommendation(s)
1	Proper bookkeeping.	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls.	None.
3	Risk management arrangements.	Noting that the 'review of effectiveness of internal audit and financial controls and the risk assessment' was noted in the December 2018 full council minutes, I recommend that the terminology used is consistent with the regulations i.e. 'annual review of the effectiveness of the council's system of internal control'. (It is good practice to still separately minute the review of the risk assessment and the effectiveness of internal audit.) Although this may be temporary, at the year end, cash balances were significantly in excess of the amount of 'employee dishonesty' (fidelity guarantee) insurance cover. I recommend that this is considered by the Council and if the decision is made to accept part of the risk, this is recorded in the Council's risk assessment.
4	Budgetary controls.	None.
5	Income controls.	None.
6	Petty cash procedures.	None.
7	Payroll controls.	None.
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. The internal audit did identify a small number of adjustments to the asset register, which have been amended - I recommend that as appropriate, additions to the asset register are included consistent with the timing of their inclusion in the cash book.
9	Bank reconciliation.	As there are separate reconciliations for each of the two bank accounts, I recommend that it is good practice that when signed by a member to evidence approval, both reconciliations are consistently signed. In addition, although this will generally always be the clerk, it is also good practice for the preparer to sign the bank reconciliations.
10	Year-end procedures.	None.
11	Responsibility as a trustee.	None.
12	Basic IT controls.	None.

Annual Internal Audit Report 2018/19

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 2019.

The internal audit for 2018/19 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 2017/18, it met the exemption criteria and correctly declared itself exempt. *("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)*			✓
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓

M. (For local councils only)	Yes	No	Not applicable
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: 05/06/2019 06/06/2019 DD/MM/YY

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: 14/06/2019

*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).