

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

**Internal Audit Final Report
2017-18**

General Power of Competence

24th April 2018

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Introduction

An internal audit review of Launton Parish Council's Financial controls for 2017/18 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. Payments were supported by Invoices, expenditure was approved and VAT was appropriately accounted for.	I would recommend that a review of the Standing Orders and the Financial Regulations is undertaken. Certainly Financial Regulations should be reviewed annually	
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.	I would recommend that the Internal Audit Report is read and adopted at a Council Meeting. Also a review of Internal Audit should be carried out and minuted.	

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 not 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 considered to be of an appropriate level with receipts and subsequent authorisations in evidence.	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	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
Review of Internal audit action plan has been considered and actioned?	Good Practice	Recommendations were made in the previous year 2016/18. Recommended that the Financial Regulations are reviewed and minuted when completed each year Recommended that the Council review and monitor the Budget progress regularly.	Carried forward again in 2017/18. Completed	N/A

Process	Criteria	Findings	Recommendations	Action Planned
External Audit recommendations have been considered and actioned.	Good Practice	Recommendations made in the previous year 2016/17.	Completed in 2017/18	N/A
Qualifications made, if any have been addressed in 2017/18.		Not all Fixed Assets included within the Register.		
		There was one qualification to address.	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.	None	N/A

Process	Criteria	Findings	Recommendations	Action Planned
Compliance with the Transparency Act.	1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements.	Compliant	None	N/A
	2) Annual Return published on the Web-Site.	Compliant	None	N/A
	3) Explanation of significant variances.	Compliant	None	N/A
	4) Explanation of difference between Box 7 & 8 if applicable.	Compliant	None	N/A
	5) Annual Governance Statement recorded.	Compliant	None	N/A

Process	Criteria	Findings	Recommendations	Action Planned
Compliance with the Transparency Act. (Contd)	1) Internal Audit Report Published.	Compliant	None	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

Launton Parish Council has an electorate in the region of 1,058, and the precept for 2017/18 was set at £20,250.

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)
24th April 2018**

