

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

**Internal Audit Final Report  
2018-19**

**1<sup>st</sup> February 2019**

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### Introduction

**An internal audit review of Leafield Parish Council's Financial controls for 2018/19 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.	None	N/A
		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.	None	N/A

Process	Annual Return Section	Findings	Recommendations	Action Planned
<p>Budgetary Controls (Precept requirement)</p> <p>Budgetary Controls (Budget monitoring)</p> <p>The final Outturn is in line with expectations.</p>	<p>D</p>	<p>The Annual precept requirement resulted from an adequate budgetary process.</p> <p>Progress against the Budget was regularly monitored.</p> <p>The Final Outturn was materially in line with expectations.</p>	<p>None</p> <p>None</p> <p>None</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>
<p>Income controls</p>	<p>E</p>	<p>Expected Income was fully received and properly recorded.</p>	<p>None</p>	<p>N/A</p>
<p>Petty cash controls</p>	<p>F</p>	<p>Petty cash was not operated by the Council.</p>	<p>None</p>	<p>N/A</p>

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 not 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 2017/18.	None  .	N/A



Process	Criteria	Findings	Recommendations	Action Planned
<p><b>External Audit recommendations have been considered and actioned.</b></p>	<p><b>Good Practice</b></p>	<p><b>Recommendations made in the previous year 2017/18.</b></p> <p><b>Risk Assessment and internal controls not completed satisfactorily</b></p> <p><b>Review of Internal Audit not undertaken</b></p> <p><b>Grant included within the precept</b></p>	<p><b>None – Completed 2018/19</b></p> <p><b>None – Completed 2018/19</b></p> <p><b>My checklist specifically states that grants should not be included.</b></p>	

<b>Process</b>	<b>Criteria</b>	<b>Findings</b>	<b>Recommendations</b>	<b>Action Planned</b>
<b>Accounting Statements agreed and reconciled to the Annual Return</b>	<b>Section 1 of the Annual Return  Part 1 of the Annual return is complete and accurate and reconciles to the statement of accounts.</b>	<b>The accounting statements in this annual return present fairly the financial position of the council and its income and expenditure.</b>	<b>None</b>	<b>N/A</b>

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

Process	Criteria	Findings	Recommendations	Action Planned
<b>Compliance with the Transparency Act. (Contd)</b>	1) <b>Internal Audit Report Published.</b>	<b>Compliant</b>	<b>None</b>	<b>N/A</b>
	2) <b>A List of Councillors responsibilities.</b>	<b>Compliant</b>	<b>None</b>	<b>N/A</b>
	3) <b>Details of Public Land and Building Assets.</b>	<b>Compliant</b>	<b>None</b>	<b>N/A</b>
	4) <b>Minutes &amp; Agendas</b>	<b>Compliant</b>	<b>None</b>	<b>N/A</b>

# Internal Auditors Summary Report

Leaffield Parish Council has an electorate in the region of 725, and the precept for 2018/19 was set at £39,867.

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)**  
**1<sup>st</sup> February 2019**

