

**Internal Audit Report  
Drayton (Vale) Parish Council  
Oxfordshire.**

**Internal Audit Final Report  
2017-18**

**Power of Competence**

**18th May 2018**

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### Introduction

**An internal audit review of Drayton (Vale) 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 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	<p>The Councils Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure.</p> <p>Payments were supported by Invoices, expenditure was approved and VAT was appropriately accounted for.</p>	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. Insurance levels were found to be adequate.	None	N/A

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	Not applicable. 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	No recommendations made in the previous year 2016/17.	None	N/A
External Audit recommendations have been considered and actioned.		No recommendations made in the previous year 2016/17.	None	N/A
Qualifications made, if any have been addressed in 2017/18.		There were no qualifications to address.	None	N/A



Process	Criteria	Findings	Recommendations	Action Planned
Accounting Statements agreed and reconciled to the Annual Return	<p>Section 1 of the Annual Return</p> <p>Part 1 of the Annual return is complete and accurate and reconciles to the statement of accounts.</p>	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.	None	N/A

Governance			Planned Page 10
Proper Book-keeping	Sample Testing of the Accounting System carried out.	None	N/A
	Reconciliation of Cash Book/Accounting System to the Financial Statements at Year End.	None	N/A
Financial Regulations , Standing Orders and Payment Controls.	Reviewed to establish Annual Council reviews. Reviewed for correct content. Tested against payments.	None	N/A
Risk Management	Confirmed the Annual Review and adoption of the Risk Assessment.	None	N/A
	Reviewed the Council Insurance.	None	N/A
	Minutes reviewed for unusual activity.	None	N/A
	Review of the effectiveness of Internal Audit completed	None	N/A

Review of Critical Finance & Governance	Audit Verification	Recommendations	Action Planned
Budgetary Controls	<p>Reviewed the Budget for proper preparation and adoption.</p> <p>Regular reporting to the Council</p> <p>Actions on material variances</p> <p>Council Balances reviewed.</p>	None	N/A
Income Controls	<p>Precept and Grants tested to ensure properly and promptly received.</p> <p>Other income sample tested</p> <p>Investments and Policy reviewed. Awareness of Risks has been accepted.</p>	None	N/A
Petty Cash procedures	System reviewed and tested.	Not Applicable	N/A

**Payroll Controls**

System delivers correct payments and that Tax/Ni deductions have been made and sent to HMRC.

All Employee's are registered with HMRC.

Contracts of Employments in place.

Wages & Salaries reconciled to the Financial Statements and the Annual Return.

None

N/A

**Asset Controls**

Asset Register reviewed for completeness. Additions and Disposals correctly stated. Reviews completed by the Council.

Investments correctly stated and valued.

Investment Strategy in place

Council has obtained and read the DCLG guidance on Investments

None

N/A

<b>Bank Reconciliation</b>	<p><b>Regular reviews of the Bank Reconciliations completed.</b></p> <p><b>Regularly Checked to the Cash Book</b></p> <p><b>Includes a note of historic cost of any Investments.</b></p> <p><b>Year End Bank Reconciliation completed accurately and agreed to the Financial Statements and Annual Return.</b></p> <p><b>Bank Reconciliations signed by an appropriate councillor.</b></p>	<b>None</b>	<b>N/A</b>
<b>Year End Procedures</b>	<b>Financial Statements reviewed and that an audit trail exists. Balance sheet tested if appropriate.</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>No Requirement to comply but demonstrates good governance</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>Not Applicable</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
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

**Drayton (Vale) Parish Council has an electorate in the region of 1925 and the precept for 2017/18 was set at £80,000.**

**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)  
18<sup>th</sup> May 2018**

