

INTERNAL AUDIT REPORT
GREAT BUDDWORTH PARISH COUNCIL
2018/19

APPENDIX PC 14c

The internal audit of Great Budworth Parish Council was carried out by undertaking the following tests as specified on the Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.




JDH Business Services Limited

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ISSUE	RECOMMENDATION	FOLLOW UP
1 An unrepresented cheque from 2017/18 has been incorrectly treated in the accounts. The brought forward balances have been adjusted by £41 so they now differ by this amount from the carried forward balances in 2017/18.	<i>The brought forward balances (box 1) for 2018/19 should be corrected to £9815 and the unrepresented cheques should be written back into the 2018/19 accounts by including it in the 'Other Income' Box.</i>	
2. No evidence was provided for the Reserve Account balance of £2.13	<i>All year end bank statements should be provided for internal audit</i>	
3 The minutes for 2018/19 do not record the council updating and approving the risk assessment document	<i>The Risk assessment should be reviewed, updated, and approved annually by council</i>	
4 The Pensions Regulator issued a fixed penalty notice of £400 against the council in 2018/19 due to non-compliance with auto enrolment requirements	<i>The council need to ensure the requirements for pensions auto enrolment are complied with</i>	
5 Fixed assets are recorded as £676850, an increase of £260417 over the 2017/18 value of £416433. However, no new assets were purchased in 2018/19 and no assets were disposed of. Therefore, the fixed assets figure in 2018.19 should be the same as the 2017/18 figure.	<i>The Practitioners' Guide requires that assets should be valued at purchase cost or an insurance proxy if that isn't known (that doesn't change over time), therefore, the only movement in fixed assets each year should be for additions and disposals and all additions should be at purchase price.</i>	
IMPORTANT GUIDANCE NOTE INTERNAL AUDIT CERTIFICATE in the AGAR		