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Internal Audit Report

Client: Goostrey Parish Council
Date of audit: 23rd May 2017
Auditor: Andrew Spanton ACMA, CGMA

Summary

Following the non-statutory guidance referred to in Regulation 5(1) of the Accounts and Audit Regulations 2015, an on-site audit was completed on behalf of Goostrey Parish Council at the request of parish clerk, Sharon Jones.

The internal audit's purpose is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect mistakes, error or fraud. The audit process did however involve examining records and recommendations are provided below.

Audit objectives

Following regulatory guidance and the requirements of the external auditor, the following main headings were covered:

- Appropriateness of accounting records
- Whether financial regulations and tax obligations were accounted for properly
- Risk management policies
- Budgetary process giving rise to the annual precept
- Expected income fully accounted
- Petty cash expenditure properly supported and authorised
- Payroll operated correctly
- Accuracy of asset register
- Completeness of bank reconciliations
- Application of appropriate accounting policies and completeness of records

Findings

All information requested was made available by Sharon Jones. There were no gaps in the records and they were maintained and presented in good order.

The authority reports on an income and expenditure basis which is appropriate for the authority's size.

Financial controls are governed under the authority's standing orders which were provided during the course of the audit. The standing orders were comprehensive and they provide adequate financial control with increasing levels control applied for larger expenditure items.

Budgets are prepared on the basis of prior year expenditure with adjustments for known changes and allowances for planned expenditure. Actual income and expenditure is compared to budget and reported quarterly to the finance committee.

Accounting records were sampled and found to provide a good standard of accounting. VAT was accounted for correctly and tax compliance was in order.

Payroll records were examined and found to be accurate, properly authorised and paid in accordance with calculations.

Bank reconciliations are completed monthly and were accurate with the exception of a minor adjustment from the previous year.

The asset register was comprehensive and contained all information required. Depreciation is applied to assets depending on type. Part of the Clerk's responsibilities is to physically verify the existence and condition of assets.

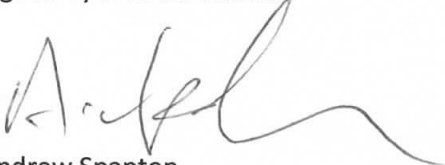
Recommendations

Amend fixed asset reporting to reflect the requirements of the annual return. Each asset should be listed with its original cost and the value assigned to it for annual return reporting purposes.

Depreciating assets is surplus to requirements in an income and expenditure accounting environment. I recommend that assets are no longer depreciated.

Maintain a record of physical verification of assets within the asset register. The date of the check, the name of the person doing it and date should be recorded against each asset.

Signed by internal auditor

A handwritten signature in black ink, appearing to read 'A. Spanton', with a long horizontal flourish extending to the right.

Andrew Spanton

Date 24th May 2017