

## Waterbeach Parish Council

### Internal Audit 2015-16

#### Summary of work carried out, conclusions and recommendations

Internal control objective	Work carried out	Conclusions	Recommendations
<b>A</b> Appropriate accounting records have been kept properly throughout the year.	.We have reviewed the accounting process and are satisfied with the accuracy of the accounting records	The Council has broadly satisfied the internal control objective, subject to amendments to the bank reconciliation as described in (I) below	None, subject to the revision of the bank reconciliation as described in (I) below
<b>B</b> The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	We have reviewed the Financial regulations which we consider to be adequate for the size and scope of the council's activities	The internal control objective has been achieved	None – the system is working satisfactorily
<b>C</b> The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	We have asked the Council to produce evidence of the steps it has taken to identify the significant risks to which its activities are exposed, and the steps which it has taken to mitigate those risks to an acceptable level.	The Council has a comprehensive register of the associated risks surrounding the materials used in maintenance of the grounds and buildings. The Council minutes contain references to Health and Safety and Employment issues but there is not a comprehensive risk register.	The Council must undertake an assessment of all the significant risks to which it is exposed in the normal course of its activities. We recommend that the council invests in a suitable software package to identify and assess the likelihood and impact of these risks. We further recommend that risk assessment is made an agenda item early in each calendar year so that appropriate action can be taken before the end of each financial year.

<p><b>D</b> The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<p>We reviewed the evidence of the budgeting process, from the Minutes of meetings</p>	<p>We consider the budgetary process to be adequate</p>	<p>Forward projections are reviewed each year in the light of advice from Central Government and District Councils over projected future funding. This is a sound policy</p>
<p><b>E</b> Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</p>	<p>The significant amounts of one-off income are by definition intermittent but the figures are in line with our expectations, based on our enquiries and visual inspection.</p>	<p>The income is reasonably stated</p>	<p>None.</p>
<p><b>F</b> Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</p>	<p>Not applicable – there is no petty cash</p>	<p>We do not consider that it is necessary for the council to use petty cash</p>	<p>None – a petty cash system is not required</p>
<p><b>G</b> Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.</p>	<p>We have a spreadsheet showing gross and net salaries for each month, Employer's Pension and NI contributions and a calculation of the percentage of net to gross pay. We tested the payroll deductions for one month and the postings to the nominal ledger.</p>	<p>The results of the tests were satisfactory</p>	<p>None – the system is working satisfactorily</p>
<p><b>H</b> Asset and investments registers were complete and accurate and properly maintained.</p>	<p>We have reviewed the fixed asset register. It covers all expected categories of assets and there are no obvious omissions</p>	<p>The result of the test was satisfactory</p>	<p>No changes are necessary</p>

<p><b>I</b> Periodic and year-end bank account reconciliations were properly carried out.</p>	<p>We have reviewed the bank reconciliations for the year.</p>	<p>There are a number of items which are not unrepresented items. The accounting software does not have the facility to recognise debtors and creditors. It is showing an unrepresented net receipt from Ernest Doe, a supplier, in the sum of £136.23. This is a credit note. There are also payments which have gone beyond the legal life of a cheque and so the cheques would not be paid, if presented.</p>	<p>The bank reconciliation should be reviewed each month and all old items should be investigated and cleared from the books. Any unrepresented cheques which are for valid payments should be replaced by cheques which are within date. Any items such as the credit note from Ernest doe should be removed from the bank reconciliation and recorded as a debtor until such time as a new order is placed, or alternatively the Council should ask the supplier for a refund to cancel the credit note. If necessary, the council should obtain assistance from the software house that supplied the accounting system.</p>
<p><b>J</b> Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.</p>	<p>We are satisfied that the council has used the correct accounting basis for preparation of the accounts. We have examined the audit trail and the basis for recording debtors and creditors.</p>	<p>The accounting statements are maintained in the required manner and detailed information is available on all transactions. The total of the old items in the bank reconciliation is £443.02. This does not have a material effect on the accounts but these items need to be investigated and cleared from the books.</p>	<p>No changes are necessary, other than our recommendations in (I) above</p>
<p><b>K</b> Trust funds (including charitable). The council met its responsibilities as a trustee.</p>	<p>There are no Trust funds</p>	<p>Not applicable</p>	<p>Not applicable</p>

