


Kimpton Parish Council - Internal Audit Report 2018-19

Audit Observations

Audit date	Priority	Observation	Recommendation	Status	Comments
10 April 2019	H	A number of invoices on file have not been verified -this is not in compliance with Financial Regulations (5.3) which states "All invoices for payment shall be examined, verified and certified by the RFO".	The Council must review the process of verifying invoices. The Council should consider the introduction of an ink stamp which can be countersigned 'goods received / services rendered'	Pending	
	H	It was noted some Delivery Notes from "Herts Fullstop" have been recorded as invoices.	The Council should ensure that valid Invoices are obtained to support all expenditure and claims for reimbursement of VAT	Pending	
	H	Minutes of Council meetings regularly refer to approval of bank reconciliations, however a formal reconciliation statement has not been signed as evidence of approval	On a regular basis, at least quarterly, bank statements must be subject to formal review. The bank reconciliation statement should be signed by a Councillor and dated and the supporting bank statements initialled as evidence of this review.	Pending	
	H	The Staffing Committee approved a change in pay rate for staff. The Minutes have not been signed as the staffing committee has not met subsequent to this meeting but it was noted in next Council meeting. A formal letter confirming this advising staff had not been prepared.	In future all changes to staff terms and conditions, including pay rates, must be notified to staff in writing. A letter should be issued to the Clerk confirming rate of pay and salary scale signed by the appropriate member of the Council.	Pending	
	H	The Clerk records salary in a manual notebook. A formal payslip is not produced (this is not a feature of the HMRC Tools software used by the Council)	The Council to produce a payslip, a copy of which should be retained on file (as with invoices) as a voucher to support the payment.	Pending	

	M	A Statement for deposit with CCLA dated 31st March 2019 was not available on file as at the date of the audit visit.	March CCLA statement to be provided to the auditor	Pending
<p>Priority</p> <p>H High Priority: Potential of legal or regulatory non-compliance or risk of significant financial or reputational impact</p> <p>M Medium Priority: Potential for operational impact, medium risk of financial or reputational impact</p> <p>L Low Priority: Issues that the Council should be aware of, or that have been resolved. No further action required.</p>				
 <p>Kevin Rose ACMA Director IAC Audit & Consultancy Ltd</p>				

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11 April 2019 at 08:41:

(to be read in conjunction with the attached Internal Audit Observations)

	Internal Control Objective	Observation	Internal Audit Response
A	Appropriate accounting records have been kept properly throughout the year.	The Council maintains its accounts using an Excel spreadsheet. The accounting records reviewed were well maintained. There were no adverse observations made	Yes
B	This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	The Council maintains a formal set of Financial Regulations. These have not been subject to review by Council during the Financial Year. They were last subject to review in May 2017 The Council should refer to the attached Internal Audit Observations	Yes
C	This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Council maintains a Risk Register which was subject to review by Council on 26 September 2018	Yes
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	The Council set the precept at a meeting held on 22 November 2017. Regular budget control reports have been subject to review by Full Council	Yes
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	The Council receives a limited amount of income other than in the form of precept and grants. The Council is not VAT registered and does not make VATable supplies.	Yes

F	<i>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i>	The Council does not maintain a petty cash	N/A
G	<i>Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.</i>	The Council operates a PAYE scheme. Payroll is processed using HMRC Tools payroll software. Regular payments of tax and national insurance have been made to HMRC. The Council should refer to the attached Internal Audit Observations.	Yes
H	<i>Asset and investments registers were complete and accurate and properly maintained.</i>	The Council maintains an asset register which has been updated, as appropriate, for additions and disposals in the year	Yes
I	<i>Periodic and year-end bank account reconciliations were properly carried out.</i>	Regular bank reconciliations have been undertaken and have been subject to independent review. The year end bank reconciliation was reviewed and agreed. The Council should refer to the attached Internal Audit Observations.	Yes
J	<i>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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</i>	The Council reports on a Receipts and Payments basis consequently at year end there are no Debtors or Creditors recorded.	Yes
K	<i>Trust funds (including charitable) – The council met its responsibilities as a trustee.</i>	The Council does not act as Trustee	N/A
L	<i>IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt.</i>	The Council did not certify itself as exempt	N/A

<p>M</p>	<p><i>During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.</i></p>	<p>Not applicable for 2019 audit</p>	<p>N/A</p>
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Kevin Rose ACMA
IAC Audit & Consultancy Ltd
 Thursday, April 11, 2019

