

The Lee Parish Council Internal Audit Report 2017



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

	Internal Control Objective	Observation	Internal Audit Response
A	<i>Appropriate accounting records have been kept properly throughout the year.</i>	The Council maintains its accounts using excel. It was noted that the Clerk had experienced difficulties reconciling this spreadsheet to the bank. The Council should refer to the attached Internal Audit Observations.	Yes
B	<i>This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i>	The Council has not provided the Internal Auditor with a copy of its Financial Regulations. The Council should refer to the attached Internal Audit Observations. A test of bank payments was carried out. In all cases it was possible to obtain sight of original supporting vouchers	Yes
C	<i>This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	The Council has in place a risk register. It is understood that this will be reviewed by Council in a meeting scheduled for June 2017	Yes
D	<i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</i>	The Council set the precept at a meeting held in January 2016. The Reserves of the Council at the year end are below the level of the annual precept	Yes

	Internal Control Objective	Observation	Internal Audit Response
E	<i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i>	The Council receives little income other than in the form of precept. 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 is using an outsourced payroll agency to process payroll. There have been no amounts due to be paid to HMRC	Yes
H	<i>Asset and investments registers were complete and accurate and properly maintained.</i>	The Council maintains an asset register. It was noted that the register did not appear to have been reviewed and updated for some time. The Council should refer to the attached Internal Audit Observations	Yes
I	<i>Periodic and year-end bank account reconciliations were properly carried out.</i>	The Council has undertaken bank reconciliations however it was noted that the format of the bank reconciliation was not correct. A revised cashbook format, in use by a number of other Council's was provided to the Clerk. The Council should refer to the attached Internal Audit Observations	Yes

	Internal Control Objective	Observation	Internal Audit Response
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>	Council reports on Receipts and Payments, consequently there were no debtors or creditors recorded at year end	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

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