

Hyde Parish Council Internal Audit Report 2019



11 June 2019 at 07:00:

(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 method of record keeping is appropriate for a council of this size. The accounting records reviewed were well maintained.	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 which were reviewed and approved at a meeting held on 14 November 2018. A sample of bank transactions was checked and verified to source documents. VAT was correctly accounted for.	Yes
C	This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Council undertook a review of Risk at a meeting held on 9 January 2019.	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 approved the budget for the year at a meeting held on 13 December 2017. Regular budget reports have been submitted to 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 does not receive income other than in the form of Precept and interest. Income has been correctly treated for VAT purposes	Yes

F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	The Council does not maintain a petty cash	N/A
G	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.	The Council operates a PAYE scheme. Payroll is processed using HMRC Tools software. There was no tax or N.I. payable to HMRC during the year.	Yes
H	Asset and investments registers were complete and accurate and properly maintained.	The Council maintains a register of assets. There have been no additions or disposal in the year.	Yes
I	Periodic and year-end bank account reconciliations were properly carried out.	Bank reconciliations have been carried out regularly and in a timely fashion Bank reconciliation have not been subject to independent review The Practitioners Guide 1.10 states "Statements reconciling each of the authority's bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end, and reviewed by members of the authority." The year end bank reconciliation was reviewed and agreed to supporting bank statements	Yes
J	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.	The Council reports on a Receipts and Payments basis, consequently at year end there were no debtors or creditors recorded.	Yes
K	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.	The Council correctly certified itself as exempt from external audit at a meeting held on 13th June 2018	Yes

L	<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>	<i>Not applicable for 2019 audit</i>	N/A
M	<i>Trust funds (including charitable) – The council met its responsibilities as a trustee.</i>	<i>The Council does not act as Trustee</i>	N/A

Kevin Rose ACMA
IAC Audit & Consultancy Ltd
Tuesday, June 11, 2019

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Interim Audit Observations



Audit date	Priority	Observation	Recommendation	Status	Comments
11 June 2019	H	The Council approved the Annual Return at a meeting held on 13th June 2018. The Minutes of the meeting do not refer to approval of the Annual Governance Statement prior to approval of the Accounting Statements	The Council MUST comply with Accounts and Audit Regulation 6 (4) which states "The annual governance statement, referred to in paragraph (1)(b) must be— (a) approved in advance of the relevant authority approving the statement of accounts"	Pending	
	H	Bank reconciliation have not been subject to independent review The Practitioners Guide 1.10 states "Statements reconciling each of the authority's bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end, and reviewed by members of the authority."	On a regular basis, at least quarterly, bank statements must be subject to formal review. The bank reconciliation statement should be signed and dated and the supporting bank statements initialled as evidence of this review. On a regular basis reconciliations should be reviewed by Council and signed and dated as evidence of this review.	Pending	

Priority

H	High Priority: Potential of legal or regulatory non-compliance or risk of significant financial or reputational impact
M	Medium Priority: Potential for operational impact, medium risk of financial or reputational impact
L	Low Priority: Issues that the Council should be aware of, or that have been resolved. No further action required.

Kevin Rose AGMA

Director

IAC Audit & Consultancy Ltd