

Grey Wethers
Ogbourne St George
Marlborough
SN8 1SU

Councillor K Macdonald
Chair Ogbourne St George Parish Council
The Sanctuary
Ogbourne St George
Marlborough
SN8 1TF

12 June 2013

Dear Keith,

Internal Audit Report

As requested I have carried out an internal audit of the Council's accounts and processes for the financial year ended 31st March 2013.

Background

In view of the proximity of the financial year end and the external audit I made it a priority to check the financial records and controls in relation to the requirements of the annual return. The Council's Clerk/Responsible Financial Officer left part the way through the financial year and a permanent replacement was not appointed until after the financial year end. I have therefore felt it necessary to carry out a relatively detailed audit in order to ascertain the accuracy of the accounts and the level of existing controls. My findings are as follows and my recommendations are detailed at the end of this report.

Bookkeeping

A proper cash book had not been kept for the financial year 2012/13, and I requested that one be made up from the information that was available, in order to provide a basis on which to check the financial records and controls. I found that there were a number of payments for which there was no invoice and a number of payments for which there was no evidence of approval for payment. There were three items for which there was neither any documentation nor any approval including one item where a sum of cash was withdrawn and no documentation exists to confirm what this was for. I understand the previous clerk/RFO has been contacted to see if he can provide any further information.

Standing Orders and Financial Regulations

Standing Orders and Financial Regulations were revised and adopted in January 2013.

Financial Regulations state: "To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil." There is no evidence that this is being done.

"The Council must someone or body other than the RFO who keeps an eye on the financial management and checks financial documents at random. This form of internal control by the Council itself is separate from the audit process conducted by internal/ external auditors. " There is no evidence that this is being done.

VAT - the Financial Regulations state that any repayment claim due shall be made at least annually coinciding with the financial year end. This has not yet been done for the financial year 2012/13, but I understand there were valid reasons for the delay.

Risks were last reviewed in November 2012.

Budgetary Controls

There was no evidence of any budgetary process for the financial year 2012/13 and therefore no monitoring against budget. However there is evidence of an adequate budgetary process for 2013/14.

Assets

A Fixed Asset register was created in July 2012 and the values were amended in March 2013. Due to lack of information the value of the assets has been estimated, but any future additions to the register should be at actual cost.

Recommendations

A proper cashbook must be maintained and kept up to date for each bank account.

All financial transactions should be recorded in date order and every single cheque number must be recorded even if it is void.

Invoices for payment should be presented at the Council meetings alongside the schedule of approved payments, each invoice should be initialled and dated by authorised signatories as evidence of approval. Once paid, the cheque number (or "Bank Payment") and date paid should also be recorded on the invoice. The cheque counterfoil should also be initialled as detailed in the Financial Regulations.

Section 137 expenditure and income should be recorded separately (Local Government Act 1972 section 137 and Local Government Act 1986 section 5) and within the statutory limits.

The cash book should be reconciled to the bank statements on a regular basis.

Ensure that VAT is reclaimed annually in accordance with the Financial Regulations

The Council must appoint someone other than the RFO to monitor the financial management and check financial documents at random.

A note should be added to the Fixed Asset register explaining why the items prior to a certain date are not valued at cost and how the estimated values have been arrived at, and that all assets acquired after that date are valued at cost.

All expenditure should be monitored against budget and any significant variances reported.

All accepted recommendations should be included in the Financial Regulations where appropriate if they are not already included and should be implemented as soon as practically possible.

I hope all of this is clear, if you require any further explanation please let me know.

Yours sincerely

Sally Utton