

MERIDEN PARISH COUNCIL
INTERIM INTERNAL AUDIT REPORT
REVIEW OF INTERNAL CONTROLS 2017/18

1. REVIEW OF INTERNAL CONTROLS

This review of key internal controls is in accordance with the approved Audit Plan for 2017/18.

The current internal control review was carried out during a site visit on 27th February 2018. Further transaction testing to support the 2017/18 Assurance Rating will be completed as part of the review of Year End procedures, following completion of the annual financial statements.

No recommendations for improvement have been made following this latest review.

2. INTERNAL CONTROL ASSURANCE RATING 2017/18

Overall Assurance Rating

Table 1 below shows the individual internal control assurance ratings, gained from the current review, plus previous knowledge. From these individual control assurance ratings, an “**Overall Assurance Rating**” of the Parish Council’s internal controls is gained and the conclusion is that on balance, the internal controls are “SOUND” –please see table 2 below for an explanation of assurance ratings.

TABLE 1

Individual Internal Control ratings

Area of Internal Control	Assurance Rating	Comments
<ul style="list-style-type: none"> • Proper bookkeeping 	SOUND	A computerised accounting system is in place and input is posted to the respective ledger accounts which produces management reports (e.g. for budgetary control) as required. Recharges to the Sports Park (Clerk’s pay and rent of office space) are now done at the end of the financial year.
<ul style="list-style-type: none"> • Standing Orders • Financial regulations 	SOUND SOUND	Standing Orders and Financial Regulations have been reviewed within the current financial year.
<ul style="list-style-type: none"> • Payment controls 	SOUND	Payments were tested to invoices for the period April to December 2107. Compliance with Financial limits set out in FRs relating to Quotations and

		Contracts was confirmed to payments made during 2017-18.
• Risk management arrangements	SOUND	An annual review of potential risks facing the Council was carried out in May 2017 and the level of Fidelity Cover is considered adequate for the current needs of the council.
• Budgetary Controls	SOUND	Evidence of budget reports to members (quarterly) was seen, as well as, detailed information in support of the annual precept. Explanation of variances is satisfactory.
• Income Controls	SOUND	The audit trail showing that income due has been brought to account is satisfactory.
• Petty cash procedures	Not applicable	There is no petty cash float. Incidental payments are paid via expenses claims. These payments were tested as part of general invoice testing under "Payment Controls" above.
• Payroll controls	SOUND	Payroll preparation is outsourced and provides adequate separation of duties. Payments to HMRC and for pensions was done on time and agreed to prime documents.
• Asset controls	SOUND	A comprehensive Asset Register is in place. Historic values, where known, are recorded.
• Bank reconciliations	SOUND	Bank reconciliations are automatically produced by the computerised accounting system. Recorded bank statement balances were tested and agreed to bank statements. The automated bank reconciliation identifies balancing figures and descriptions where known.
• Year end procedures		Assessment to be confirmed after the year end (April/May 2018).

TABLE 2

The range and explanation of Assurance Ratings is as follows:

Audit Opinion	Explanation
SOUND	Minor risks have been identified
GOOD	Some risks have been identified
MARGINAL	A number of risks have been identified and changes should be made
UNSATISFACTORY	Unacceptable risks have been identified and changes must be made
UNSOUND	Major risks exist and fundamental improvements are required

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 5/3/2018