

**To:** Bottesford Parish Council  
**Subject:** Internal Audit  
**Conducted By:** W R Wilson –F.C.C.A (Anthon Marlow)  
**Review Date:** 14<sup>th</sup> May 2014

#### Introduction

The purpose of this report is for Anthon Marlow to review the overall conduct and internal audit on the books and records of Bottesford Parish Council for the year ended 31<sup>st</sup> March 2014.

#### Scope of Work Done

The financial records for this year consisted of Quickbooks accountancy package, bank statements, invoices for both income and expenditure and payroll records.

The scope of work done on the above financial records was as follows:

1. Ensure that the appropriate books of account have been properly kept.
2. Test a sample of payments to supporting invoices, ensuring that they are approved by responsible officials and that VAT was appropriately accounted for.
3. Ensure that the Council has assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
4. Review the budgeting process is adequate for the annual precept requirement. Ensure that actual v budget was regularly monitored and reserves were appropriate.
5. Test a sample of expected income, ensuring it was fully received, promptly banked and VAT correctly accounted for.
6. Test a sample of petty cash payments, ensuring that they are supported by receipts and authorised, with VAT properly accounted for.
7. Test a sample of salaries to see if paid in accordance with Council approval.
8. Review the asset register, ensuring it is complete and accurate.
9. Review a sample of periodic and year end bank reconciliations for accuracy.
10. Review any accountancy statements prepared during the year, ensuring they are prepared on the correct accounting basis.

#### Findings from work done.

Observations from the above work done have been listed below:

1. The books of account had been changed during the year from manual to Quickbooks (computer accounting package).  
This is a well established accounting software package and the bookkeeper is familiar with how it operates.
2. A test sample of thirty payments, chosen at random took place. It was found that the sample chosen had either been approved by responsible officials or agreed to be paid in the minutes.  
The VAT had been appropriately accounted for on the sample.

3. Significant risks to achieve objectives had been addressed and recorded in minutes throughout the year.
4. Budgets were prepared and compared with actual. They appear to be in line with expectations at the year end.
5. Expected income was fully reviewed, properly recorded and banked promptly in the year.  
It was decided to carry forward grants paid in advance to reflect and match future expenditure.  
The accounts, therefore, would have to be prepared on an income and expenditure basis to show a true picture of the financial statements
6. There is no petty cash as such, however expenditure incurred by officials of the Council are reimbursed by cheque on a regular basis.  
  
A review of these reimbursed expense showed that they are backed up by receipts and/or calculations and approved by responsible officials.
7. Salaries are in accordance with council approvals.
8. The asset register requires updating for this years additions.
9. Evidence of periodic and year end bank reconciliations were located and correctly prepared.
10. Accounting statements reflected entries made in the accounting system.
11. There was no evidence of Trust funds.