

INTERNAL AUDITOR'S REPORT TO HORSTED KEYNES PARISH COUNCIL for 2017/18

1. I have carried out my Internal Audit function in accordance with the Local Councils' Governance and Accountability Guidance. This has included making test checks on the Council's financial transactions and evaluating whether or not the Council's system of internal financial control is adequate for the purpose intended and effective. It has also included a review of how various risks facing the Council are being dealt with and an evaluation of how the Council has met its responsibilities as a trustee.
2. I would like to thank the Clerk/RFO, Michaela Frost, for the help and co-operation she has given me during my visit on 27th June 2018 for the 2017/18 internal audit.
3. I can report to the Council that the ten internal control objectives have been met in all significant respects.
4. Unlike previous years, I have made one longer visit to the parish for the fiscal year 2017/18 instead of the usual two. The work that I have undertaken has included making test checks on each of the ten objectives of internal control and seeking explanations and clarifications on the various procedures carried out by the Council. It has also included an examination of the minutes to identify some of the key issues currently faced by the council; I noted that there were more issues on the agendas than I had seen for some years. I am satisfied that the issues that I identified are being dealt with in a professional way by the Clerk. I would, however, recommend that we revert back to having an interim visit to the parish during 2018/19.
5. The Council introduced the RBS software package during 2017/18 to replace the previous method of accounting that used an Excel spreadsheet. Although the software is working well, I found that improvements could be made to the way in which the prime documents are filed that support the financial transactions that have been processed.
6. I noted that unlike previous years, no VAT reclaims had been submitted during 2017/18, leaving an amount of approximately £2,600 due to the Council from HMRC at 31st March 2018. I also found during the course of my work that a further amount of VAT of about £296, incurred between February and March 2017, has not been included in the claim that has just been made to HMRC for the whole of 2017/18.
7. In view of 5 and 6 above, I have made two recommendations to the Clerk:-
 - (a) That the Clerk review the way in which the paperwork is filed and organised, and then how it is referenced to the RBS accounting software.
 - (b) That the Clerk contact RBS for assistance on how to introduce the unclaimed VAT of £296 into the RBS software so that an appropriate further claim can be made to HMRC. In addition, I have suggested that VAT reclaims are made quarterly (the normal practice).
8. Apart from my observations in notes 5 and 6 above, during the course of my work, no matter has arisen which I would need to draw to the attention of the Members of the Council.