

INTERNAL AUDIT REPORT

HILLAM PARISH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2018

1. Examination of the financial records provided for audit were found to be satisfactory with all income due to the parish council accounted for. Expenditure was accurately recorded in the financial records of the parish council.

My only concern is the accounting record (spread sheet) which records the monies received and paid by the parish council is referred to as a 'Receipts and Payments Account'. A Receipts and Payments Account is different to a cash book which records financial transaction passing through the financial records at the point of receipt/payment. The Receipts and Payments Account is the annual summary of income and expenditure recorded under the various accounting headings. It is recommended the correct wording is used when recording individual transactions.

In the main, expenditure was supported by receipts and invoices, except for the payment of the electricity account paid on 02/08/2017 to Npower for the sum of £968.15. The invoice to support the payment was not presented for audit verification and to support the reclaim of VAT input tax.

An invoice issued by Morton Bros Ltd for the sum of £72.00 dated 10/12/2017 was annotated as PAID but no cheque payment details or date of payment was endorsed on the invoice. The invoice was annotated 'Ring Tree Committee'. It is not clear if the invoice was a debt due to be paid by the parish council or the Ring Tree Committee? There is no evidence that the input tax of £12.00 is to be reclaimed from HMRC.

2. The Receipts and Payments Account in total shows expenditure of £15,021.79 which agrees with the summary of expenditure for the year per the 'Cash Book'. The summary of expenditure recorded under the various expenditure headings is not clear when compared to the 'Cash Book' expenditure under the various headings. In order for clarity, it is recommended that the Notes to the Accounts, shows expenditure under a heading where more than one expense is recorded. Currently there is no transparency when comparing both accounts.

3. The internal audit indicated the financial statement, Receipts and Payments Account provided a true and fair view of the accounting records prepared for the year ended 31 March 2018. The comments made in the report do not materially alter that view as to the overall accuracy and completeness of the accounting records and statements.

Based on my opinion of the records examined for audit, I am able to provide an unqualified Internal Audit Report for presenting to the external auditors, P K F Littlejohn, LLP and to the members of the parish council.

Signed.....*M H Walton*..... Dated: 1 June 2018

M H Walton