

Harwell Parish Council - Internal Audit Report 2018-19



Audit Observations

Audit date	Priority	Observation	Recommendation	Status	Comments
13 June 2019	H	The council uses online banking however do not have dual authorisation in place. Councillors are not set up to authorise payments online.	The authority must develop specific control procedures for any payments by bank transfer or online. This must include a requirement for dual authorisation of online bank payments.	Pending	Discussed 25.6.19. Clerk to set up dual authorisation as soon as possible. Report at July meeting.
	H	It was noted the draft Annual Return numbers prepared by the Council include a large creditor of £29,105 in respect of a S106 agreement. Guidance received from External Auditors has clarified that amounts received under a S106 agreement (or under CIL) should not be recorded as creditors, they must be recorded as income when received. It is unclear when this amount was received (it was not received during the 2018-19 financial year).	The Council will need to amend the Annual Return computation for 2018/19 and restate the values for the 2017/18 financial year.	Pending	S106 funds were previously entered as income but one external auditor had insisted that S106 money should be held as a creditor. This was accordingly shown in the accounts, however a subsequent external audit (2017-18) said the opposite. Council is aware of this. Clerk has restated 2017-18 accounts and will post them on the PC website by July meeting.
	H	It was noted from a review of the cashbook that some items of income and expenditure have been netted of on the same account analysis code.	Items of income and items of expenditure must always be recorded gross and not netted off against each other. The Council may need to recalculate the values computed for the accounting statements.	Pending	Refers to income & expenditure being entered in same column. Clerk to set up separate columns in cashbook. Report at July meeting
	H	Bank reconciliation have not been subject to independent review The Practitioner's Guide 1.10 states "Statements reconciling each of the authority's bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end, and reviewed by members of the authority."	On a regular basis, at least quarterly, bank statements must be subject to formal review. The bank reconciliation statement should be signed and dated and the supporting bank statements initialled as evidence of this review. On a regular basis reconciliations should be reviewed by Council and signed and dated as evidence of this review.	Pending	One councillor checks petty cash and does monthly bank reconciliation but this is not signed off at present. Signing off to be mandatory from July meeting.

