

To: **Mrs A. McDonald, Clerk to Digby Parish Council**

From: Malcolm Smith

6th February 2018

Ref: Internal Audit Report

I today conducted the internal audit of the parish accounts for transactions dated between 01 April 2017 and 17 January 2018.

I sampled invoices, receipts and chequebook stubs and verified signature compliance.
I verified bank balance calculations to the 17th January statements and the precept entries.
I reviewed council minutes for April through December and verified monthly recording of income and expense items for approval.
I found no inconsistencies in records and one item of audit interest in the minutes.

I have two recommendations for consideration.

1. I note from the minutes that a monthly inspection of play equipment is conducted by a councillor but records of this are not always made. I recommend that for each inspection either a short report be made and/or the inspection be noted in council minutes at the next meeting. A formal record of all inspections will likely help if any insurance claim were to be made.
2. At present, the balance of the Mary Gresswell Trust account is not carried forward in the journal record but each item of interest earned is accumulated in the balance column. This is inconsistent and always causes some confusion when reconciling the current balances in the accounts. I recommend that starting with the next financial year, the Mary Gresswell interest receipts should not be accumulated in the journal total but left as noted in the income column of the Trust section of the journal. This will mean that the balance in the journal will accurately reflect the status of the main parish council accounts. End-of-year auditing guidelines do require that transactions of a trust account not be included with transactions of the parish account so this change will fully comply with the audit guidelines and make reconciliation simpler. Now that the Council is no longer required to undergo a full, annual audit this change will also make it easier to publish clear statements of year end accounts and for any member of the public to verify records by inspection.

The clerk is to be commended on the accuracy and completeness of account transactions.

If the council has any specific issues they would like to include in an audit, please let me know.

Best regards,



Malcolm Smith