INTERNAL AUDIT REPORT 2017/18
APPLETON PARISH COUNCIL

The internal audit of Appleton Parish Council was carried out by undertaking the following tests as specified in the Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion
On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

.... June 6th, 2018

JDH Business Services Limited

	ISSUE	RECOMMENDATION	FOLLOW UP
1	Online banking was implemented during the financial year and discussion with the clerk has identified that robust internal controls, including pre-authorisation of payments, are in place for expenditure. However, the updated internal controls over online payments have not been adopted.	*The detailed internal controls over online payments should be included in a written internal controls statement and adopted.*	

Guidance Note for 2018/19

Data Protection Law changed significantly on May 25th 2018 due to the 2016 EU Directive General Data Protection Regulation (GDPR) taking effect.

GDPR replaces the 1998 Data Protection Act and it will impose new obligations on Data Controllers and Data Processors and provides enhanced rights for individuals. Compliance with GDPR could have resource implications for local councils.

The impact of GDPR on the council should be identified through review of ICO guidance and the Data Protection policy, risk assessment and internal controls should be updated accordingly.

A GDPR compliant data protection policy and an updated document retention policy should be adopted. Privacy notices should be developed internally for all staff, members and volunteers, and externally for residents. Data processing agreements should be established where external data processors are used.