

# Internal Audit Report to Ramsey Internal Drainage Board

Financial year 2013/2014

Independent Internal Auditor; Russell Wright

## 1 INTRODUCTION AND OBJECTIVE OF AUDIT

- 1.1 The Audit Commission wrote to Internal Drainage Boards about the impact of amendments to the Accounts and Audit Regulations 2011(The Regulations).
- 1.2 From 2005/2006 Internal drainage Boards were required to prepare accounts in the form of an annual return to comply with the regulations, whereas previously the accounts were subject to external examination and certification by the Audit Commission.
- 1.3 I was appointed as your Independent Internal Auditor for the year 2013/2014 and checking the guidelines of the Audit Commission have agreed the approach for the audit work required to satisfy the Regulations.

## 2. SCOPE OF AUDIT

2.1 There was considerable delay before the decision to implement the new arrangements was announced hence there was uncertainty as to the correct procedures to be followed. The Board prepared their accounts in the normal way and the presentation will be discussed with the clerk so as to simplify the process for the presentation of future accounts and the production of the Annual Return.

2.2 The annual return requires the Independent Internal Auditor to provide certification on 10 key control objectives as follows;

- Appropriate books of account have been properly kept throughout the year
- Financial Regulations have been met with proper control procedures in place relative to payments and VAT accounting
- Due consideration has been given to way in which the Board approach risk management and the arrangements to manage the process
- Budgetary Control procedures are robust; monitored on a regular basis and properly reported to the Board. The annual budgetary control process is correctly based
- Income is monitored in line with the budget proposals. Banking is made promptly
- Petty cash accounting is correctly administered
- Payroll accounting correctly applied and salaries paid in accordance with agreed scales
- Asset and investment registers complete and regularly updated
- Cash and bank reconciled on a regular and correct basis
- Year end accounting on the correct basis, with adequate audit trails to support the figures in the Annual Return

2.3 A systems based audit programme of the authority has been adopted in line with the guidance set out in the draft practioner's guide

I was able to devise a suitable programme to enable to test the key controls to form an opinion on the Board compliance with the key controls.

### 3. CONCLUSION

3.1 From the testing undertaken I was able to attain the appropriate assurances to allow me to certify that there had been compliance in the key control objectives

3.2 The section relating to Petty cash was endorsed "not covered" as the Board do not keep any petty cash.

### 4. MATTERS ARISING/RECOMMENDATIONS

4.1 I would recommend a review of the Board's asset register as the total fixed asset values have remained constant for a year or two.

4.2 I see that no reconciliation of the rate book was made and as such a debtor was missed. I would recommend that a summary of the rate book is undertaken.

4.3 I would recommend that regular bank reconciliations <sup>and</sup> ~~are~~ undertaken and the Board implement a simple spread sheet cash book system. B.H. J.

4.4 I note that the accounts are on an income & expenditure basis but some have been treated on a receipt and payment basis.

4.5 The balance sheet did not correctly reflect the financial position and I have advised accordingly.

4.6 ADA have advised that IDBs should have their documentation about governance up to-date. I would refer to ADAs letter of 8<sup>th</sup> August and recommend that the appropriate governance documents as listed are introduced.

4.7 No value added tax was claimed during the year and a balance of £4,034 was owing at the year end.

Independent Internal Auditor  
R Wright AFA

14<sup>th</sup> June 2014



17.6.2014