



**Internal Audit Report**  
**Year ending: 31<sup>st</sup> March 2017**

<b>Name of Council:</b>	Ashfield cum Thorpe Parish Council
<b>Income:</b>	£2,082.92
<b>Expenditure:</b>	£2,688.35
<b>Precept figure:</b>	£1,700.00
<b>General Reserve:</b>	£2,711.43
<b>Earmarked Reserves:</b>	<i>£NIL</i>

Subject	Requirements	Comments/Recommendations
<b>1. Proper book-keeping</b>	Type of cash book or ledger used.	Computerised spreadsheets.
	Cash book kept up to date and regularly verified against bank statement.	The cashbook for the year under review was found to be in order.
	Correct arithmetic and balancing.	Spot checks for the year under review were made and found to be correct.
<b>2 Payment controls</b>	Supporting paperwork for payments, and appropriate authorisation.	A selection of random payments were selected and cross checked against cheque book, cash book, bank statement, invoices and minutes. All were found to be in order. Following the appointment of the new Clerk in October 2016, a list of payments for authorisation is submitted at each Council Meeting and signed by 2 Councillors.
	VAT is identified and reclaimed	VAT Account for the period ending 31 <sup>st</sup> March 2017 was stated as £114.60 in the cashbook  <b>Recommendation: Parish Councils can and should seek to recover VAT on costs relating to non-business activities using VAT Act 1994 s.33. There is a three year time limit on claims so the council could recover VAT for payments made from 2015 onwards.</b>
	S137 separately recorded and minuted.	There were no payments made under this power for the year under review.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements.	There were none made during the year under review.
	Legal Powers identified in minutes and/or cashbook?	No reference is made to the legal powers under which payments are made.  <b>Comment: to ensure that all payments made are within its powers and that it is not acting outside of its legal power, a reference as to the power being used should be identified in either the minutes or the cashbook.</b>

<b>3. Financial Regulations, Standing Orders</b>	Evidence that standing orders have been adopted and reviewed regularly.	Standing Orders were reviewed at a meeting of full Council on 8 <sup>th</sup> March 2017 and are compliant with current legislation.
	Evidence that Financial Regulations have been adopted and reviewed regularly.	Financial Regulations were reviewed at a meeting of full Council on 8 <sup>th</sup> March 2017 and are compliant with current legislation.
	Evidence that Financial Regulations have been tailored to the Council.	Financial Regulations are tailored to the Council.
<b>4. Petty cash/expenses procedure</b>	Established system in place, and associated supporting documents	No petty cash held. Expenses claimed are approved by full council with supporting paperwork.
<b>5. Risk management</b>	Evidence that risks are being identified and managed.	The risk assessment and financial management register were reviewed and agreed at a meeting of full Council on 28 <sup>th</sup> June 2017.  <b>Comment: whilst Council has reviewed this document it might wish to ensure that the dates shown on the document reflect the period under review.</b>
	Appropriate Insurance cover for employment, public liability and fidelity guarantee.	Insurance cover is in place and is a Parish Council Policy Schedule with core cover for Public Liability; Employer's Liability and All Risks.  Fidelity guarantee insurance cover is £25,000 and is within recommended guidelines.
<b>6. Budgetary controls</b>	Verifying that the budget has been properly prepared, and agreed.	The budget and precept were discussed at a meeting of 26 <sup>th</sup> January 2016 and the minutes reflect the sum to be served on the Charging Authority.
	Regular reporting of expenditure and variances from budget.	There was no reporting of Income/expenditure against budget during the year.  <b>Recommendation: that in accordance with Standing Order 17c a comparison with the budget for the financial year which highlights any actual or potential overspends be submitted and considered by the Council at least quarterly.</b>

<b>7. Income controls</b>	Monitoring of precept and any other Income.	The Council received precept in the sum of £1,700.00 and Babergh Local Council Support Grant of £19.92 along with 2 Locality Grant Funds from Suffolk County Council amounting to £363.00.
	Reserves:	Reserves total: £2,711.43  <b>Recommendation: Council might want to consider the level of general reserves held to ensure that there is sufficient to cover contractual agreements plus a reserve contingency for an election being held.</b>
<b>8. Payroll controls</b>	Salary payments include deductions for PAYE/ NIC. PAYE/NIC paid promptly to HMRC. Evidence that Council is aware of it's pension responsibilities.	Evidence seen to support approval of salary payments and payment of PAYE.  <b>Comment: Council should recognize that under current legislation it has pension duties for its employees and should ensure compliance with its duties as per the information on the pension regulator website:</b> <a href="http://www.thepensionsregulator.gov.uk/en/">http://www.thepensionsregulator.gov.uk/en/</a>
<b>9. Asset control</b>	Inspection of Asset register.	Asset Register seen for period 31.03.17 which shows assets to the value of £546 which shows overall movement through the year of £545 (additions in the sum of £545).  <b>Recommendation: Council might want to consider expanding the asset register in line with current guidance (Governance and Accountability for Smaller Authorities 2016 – March 2016) to show description, location, date acquired and value with further columns for acquisitions and disposals.</b>
	Asset register reviewed annually.	Asset register is reviewed annually.
	Cross checking of Insurance cover.	Insurance cover was reviewed during the year under review. It was noted that only 1 of the 2 Items from the asset register is presently insured.

<p><b>10. Bank reconciliation</b></p>	<p>Regularly completed, reconciled with cash book.</p> <p>Confirm bank balances agree with bank statements.</p> <p>Regular reporting of bank balances at council meetings?</p>	<p>Bank reconciliations reviewed and agreed on a quarterly basis and signed off by 2 councillors.</p> <p>Bank balances as at 31.03.17: Barclays Current Account: £2,706.80 Barclays Business Reserve Account: £4.63</p> <p>Bank statements were seen and a financial report is given at each meeting detailing positions in both bank accounts and forms part of the minutes</p>
<p><b>11. Year-end procedures</b></p>	<p>Appropriate accounting procedures used. Financial trail from records to presented accounts.</p>	<p>Receipts and payments. Overall bank balances agree with year-end statements</p>
<p><b>12. Annual return</b></p>	<p>Completion of sections of Annual return.</p>	<p>Sections 1 and 2 of the Annual Return were completed but unsigned at the time of audit. <b>It is noted that the brought forward figure from 31<sup>st</sup> March 2016 differs to that stated in the opening balance of the Annual Return for 31<sup>st</sup> March 2017. An explanation has been given under significant variances indicating that the closing figures for 2015/16 were incorrectly stated. The Internal Auditor has verified that the opening bank balances agree with the restated figure. Council might wish to seek guidance from the External Auditor as to the correct procedure in accounting for this error.</b></p> <p>Section 4 was completed by the internal auditor</p>
<p><b>13. Review internal controls</b></p>	<p>Date review completed.</p> <p>Previous internal and external reports minuted and considered by Council</p>	<p>At a meeting of 28<sup>th</sup> June 2017</p> <p>There was no separate internal audit report submitted for the previous year. External audit report considered and accepted at a meeting of 12<sup>th</sup> October 2016. The identified issues arising from the report were noted and an action plan was agreed to rectify such issues.</p>

<b>14. Additional comments</b>	Annual meeting:	The Annual Parish Council Meeting took place on 27 <sup>th</sup> April 2016.  <b>Recommendation: Council should noted that in accordance with 1972 Act and the Council's own Standing Orders (5b) the Annual Meeting of the Council must be held on any such day in May as the council may direct.</b>
	Appointment of internal auditor:	8 <sup>th</sup> March 2017
	Any trustee responsibilities:	None
	Transparency code for smaller authorities:	Council is aware of the mandatory requirements under the Transparency Code for Smaller Authorities (2015 Regulations) to ensure certain data is published on a freely accessible website
	Arrangements in place for the public inspection of council's records	Note re period for the exercise of public rights: Period for the exercise of public rights is 30 working days. These 30 working days must include the first 10 working days in July (Regulation 14 and 15 of the Accounts and Audit Regulations 2015). The latest commencement date for the exercise of the public rights this year will be Monday 3 <sup>rd</sup> July 2017.
	Is the council registered with the ICO:	No.  <b>Comment: as a Data Controller, Council should ensure that it reviews the requirements for registration.</b>

Signed .....

Date .....

On behalf of Suffolk Association of Local Councils