



Internal Audit Report
Year ending: 31st March 2019

Name of Council:	Ashfield Cum Thorpe Parish Council
Income:	£3697.74
Expenditure:	£2644.23
Precept Figure:	£2700
General Reserve:	£1028.85
Earmarked Reserves:	Elections £978.32 Defibrillator £900.00



Internal Audit Objectives and Responsibilities

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council, and to achieve this will adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data

Accordingly, in the conduct of planned audits Internal Audit may:

- Carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2017/18 of the Annual Governance and Accountability Return (AGAR)
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- Appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- Review the established systems to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations, and determine whether the council is in compliance
- Review the operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used	An Excel spreadsheet is used with details of all payments and receipts.
	Cash book kept up to date and regularly verified against bank statement	The cashbook is up to date and includes the bank balances from both accounts. These are reported to full Council at each meeting.
	Correct arithmetic and balancing	No errors were found in the arithmetic and balancing.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	The latest available NALC Standing Orders were reviewed and adopted on 12/12/18 by full Council.
	Evidence that Financial Regulations have been adopted and reviewed regularly	The latest NALC Financial Regulations were reviewed and adopted by full Council on 12/12/18.
	Evidence that a Responsible Financial Officer has been appointed with specific duties	It is noted in the Internal Control Statement that the Clerk is the Responsible Financial Officer but there is no evidence in the minutes for this audit year, that they have been appointed with specific duties. Comment: Council should be mindful that all authorities must annually appoint an officer to be responsible for the financial administration of the authority in accordance with Section 151 of the LGA 1972.
	Evidence that Financial Regulations have been tailored to the Council	Evidence seen that Financial Regulations have been tailored to the Council.
3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	A sample of payments were cross checked against evidence of invoices, cheque books, minutes, cashbook and that VAT has been recorded and were all found to be in order.
	Internet Banking transactions properly recorded/approved	Internet banking is not currently used.
	VAT correctly identified and reclaimed within time limits	Evidence of reclaim of VAT seen. Comment: Council could include a column for VAT reclaimed in their cashbook.

	Has Council adopted the General Power of Competence and is it being correctly applied?	Council has not adopted the General Power of Competence.
	S137 separately recorded, minuted and within statutory limits	S137 payment to Debenham First Responders is within the limit and clearly identified in both the minutes and the cashbook.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	N/A
4. Risk Management	Is there evidence of risk assessment documentation.	Evidence of risk management documentation seen.
	Evidence that risks are being identified and managed.	A review of risk assessment documents was carried out 12/9/18. There is no evidence seen that any management of risks was required.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Appropriate insurance cover is in place with £25,000 of fidelity guarantee.
	Evidence that insurance is adequate and has been reviewed on an annual basis	A copy of the insurance schedule confirms that insurance is adequate and was approved 12/9/2018. Details in the risk assessment policy confirm the insurance is reviewed annually. Comment: Council may wish to minute that the insurance cover was 'reviewed and adopted' to confirm this has been carried out by full Council.
	Evidence that internal controls are documented and regularly reviewed	Internal controls were reviewed 12/9/18 and evidence of a Statement of Internal Control seen.
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	No evidence seen during the audit year that a specific review of the effectiveness of internal audit has been carried out. Recommendation : Council should include in their minutes that they have reviewed the effectiveness of the internal audit during the year of audit. Statutory guidance from Accounts and Audit Regulations 2015 regulation 5.
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	The budget was discussed and approved by full Council as £2,700.00 and noted in the minutes of 13/12/17.

	Verifying that the Precept amount has been agreed in full Council and clearly minuted	Precept set at £2,700 by full Council for financial year 2018/19 on 13/12/17 and noted in the minutes.
	Regular reporting of expenditure and variances from budget	Evidence seen in the minutes of income expenditure and budget reports at each meeting.
	Reserves held General and Earmarked.	General Reserve : £1028.85 Earmarked Reserves : Elections £978.32 Defibrillator £900.00 Total Earmarked Reserves: £1878.21 Total Reserves : £2907.17
6. Income controls	Is income properly recorded and promptly banked?	Income is noted in the cashbook, reported to full Council and noted in the minutes.
	Is income reported to full Council?	Income is reported to full Council and noted in the minutes.
	Does the Precept recorded agree to the Council Tax Authority's notification?	The Precept recorded of £2,700 agrees with the Council Tax Authorities notification.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	No evidence seen of funds received from the Community Infrastructure Levy.
7. Petty Cash	Is a petty cash in operation?	No system of petty cash in operation.
	If so, is there an adequate control system in place.	
8. Payroll controls	Do all employees have contracts of employment?	Contract of employment seen for Simon Ashton dated September 2016. There are no other employees.
	Are arrangements in place for authorising of the payroll and payments by the Council? Verifying the process for agreeing rates of pay to be applied.	Payroll is contracted out to SALC. Council approves the payments which are signed by 2 Councillors and recorded in the minutes. Salary approved 12/9/18 at SCP 20 and recorded in the minutes.

	Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	Tax and National Insurance are noted on payslips and no payments are due to HMRC.
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	The Council has completed their automatic enrolment duties, acknowledgement of re-declaration of compliance with The Pensions Regulator under the Pensions Act 2008. Clerk has opted not to join a scheme.
	Are other payments to employees reasonable and approved by the Council?	All payments to employees are reasonable, approved by full Council and noted in the minutes. A spot check of salaries paid against invoice, cheque book, bank statement and minutes was in order.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	Evidence of asset register seen.
	Verifying that the Asset Register is reviewed annually	It was minuted 12/9/18 that the asset register had been reviewed by the Parish Clerk and was then approved by the Council. Recommendation: The asset register should be reviewed and approved by full Council and noted in the minutes.
	Cross checking of Insurance cover	The asset register was cross checked against the insurance cover and everything was in order.
10. Bank reconciliation	Regularly completed and reconciled with cash book	A bank reconciliation is completed and is reported at each Council meeting. Copies of bank statements and the cashbook are attached. They are signed by 2 members.
	Confirm bank balances agree with bank statements	Bank balances agree with bank statements and these are also minuted.
	Regular reporting of bank balances at council meetings	Bank balances are reported at each Council meeting and agree with the bank reconciliations.
11. Year-end procedures	Appropriate accounting procedures used	The Council uses the appropriate Receipts and Payments procedures.
	Financial trail from records to presented accounts	There is a financial trail from records to presented accounts.

	Has the appropriate end of year AGAR documents been completed?	Section 1 The Annual Governance Statement and Section 2 The Accounting Statement have been completed but not signed by the Council.
	Where an authority certified itself exempt in 2017/18, did it met the exemption criteria and correctly declared itself exempt?	The Council has declared themselves exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as their income and expenditure did not exceed £25,000 in the financial year 2018/19.
	Was there the opportunity provided for the exercise of electors' rights?	The opportunity for the exercise of elector's rights was provided.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The publication requirements, in accordance with the Audit and Accounts Regulations 2015, to publish on a public website: Certificate of exemption, Annual Internal Audit Report 2018/19, Section 1 - Annual Governance Statement, Section 2- Accounting Statement, analysis of variances, bank reconciliation and the notice of period for the exercise of public rights, had been met.
12. Internal audit for the year ending 31 March 2018	Verifying that the previous internal audit reports have been considered by the Council	The previous internal audit report was considered by the Council, minuted 12/9/18 and actions taken to address any items raised.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	13/6/18 Members noted the action plan arising from recommendations by SALC with reviews due 3/2019 & 13/3/19. Members approved action taken by Clerk following issues raised.
	Items raised in 2017/18 Internal Audit:	
	At the next annual review Council should be aware of updating Standing Orders	Actioned
	At the next annual review Councils should consider Legal Topic note 87 Procurement	Actioned
	No budget papers were seen	Actioned
	Council may wish 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.	Actioned

	Confirmation of appointment of Internal Auditor	SALC appointed as internal auditor 12/12/18.
13. External audit for the year ending 31 March 2018	Verifying that the external audit report has been considered by the Council	No external audit carried out as Certificate of Exemption had been completed.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	N/A
14. Additional Comments	Annual meeting - held in accordance with legislation	The Council's annual meeting was held on 9/5/18 with the first item on the agenda being the election of Chairman.
	Correct identification of trustee responsibilities	N/A
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	Council is fully compliant with the Local Government Transparency Code 2015 and all information is published on a public website in accordance with current legislation.
	Verifying that the council is registered with the ICO	The Council registered with the ICO July 2018.
	Verifying that the Council is compliant with the General Data Protection Regulation requirements	The Council is partially compliant with the General Data Protection Regulations. A Privacy Notice has been published on the website and minuted 12/9/19 8(a). Recommendation: Further input is required from the Council to ensure they are compliant with General Data Protection Regulations. The following should be in place: <ul style="list-style-type: none"> • Audit / Impact Assessment • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies

Signed.....*Linda Harley*

Date of Internal Audit Visit ... 11/4/19 Date of Internal Audit Report.... 11/4/19. On behalf of Suffolk Association of Local Councils