

Swafield & Bradfield Parish Council

Internal Audit Report

For Swafield & Bradfield Parish/Town Council

Financial Year 2017/2018

Prepared by Maureen Anderson-Dungar
28 April 2018

Actions for your Council are now:

1. Complete the Annual Governance & Accountability Return 2017/18 Part 2 and send the Certificate of Exemption to the External Auditor
2. Discuss this report and take any appropriate action. This should be minuted.

I have completed an internal audit of the accounts for Swafield & Bradfield Parish Council for the year ending 31 March 2018.

My findings are detailed below using the tests provided in the **Governance and Accountability (England) 2016**.

I would like to thank the Clerk for providing me with all the information required for the Internal Audit.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	All up to date.
	Is the cashbook arithmetically correct?	Checked and correct.
	Is the cashbook regularly balanced?	Cashbook regularly balanced, with reports to Council Meetings.
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Standing Orders and Financial Regulations in place.
	Date Standing Orders last reviewed	7 March 2017
	Date Financial Regulations last reviewed	7 March 2017
	Has a Responsible finance officer been appointed with specific duties?	The Clerk is also the Responsible Finance Officer
	Have items or services above the de minimus amount been competitively purchased?	N/A
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	All payments supported by appropriate documentation with Schedule and invoices presented to Council Meeting for approval and signature. All payments included within Minutes.
	Have legal powers been identified for purchases?	Not applicable during the year under review.
	Has VAT on payments been identified, recorded and reclaimed?	All VAT identified, recorded. A claim was submitted and repayment received on 4.4.18.
Is s137 expenditure separately recorded and within statutory limits?	Column allocated for s.137 payments, but expenditure was nil. The amount per elector was clearly and correctly identified in	

Internal control	Test	Observations
		accompanying notes to the accounts.
	Are S137 payments commensurate?	Not applicable during this year, expenditure was nil.
	Have S137 payments been approved and included in the minutes as such?	Not applicable during this year, expenditure was nil.
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	Nothing identified.
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Risk Management Policy approved November 2017. Risk Assessment on file.
	Is insurance cover appropriate and adequate?	Insurance cover was reviewed prior to the renewal of insurance.
	Are internal financial controls documented and regularly reviewed?	The Council does not have an internal financial officer as accounts are checked at every meeting.
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	The budget for the 2017/18 was approved on 1.11.16.
	Has the precept been calculated from the budget and been approved?	The precept for 2017/18 was approved on 1.11.16.
	Does the budget include an actual completed year?	Budget documentation provided.
	Is actual expenditure against budget regularly reported to the council?	Accounts are presented to every Council meeting. In addition, quarterly detailed reports are presented.
	Are there any significant unexplained variances from budget?	No issues identified.
Income controls	Is income properly recorded and promptly banked?	The Council has limited sources of income, mainly the precept, VAT refund and proceeds from the village fete. All were correctly recorded. Precept and VAT refunds received via BACS and cash income from the fete

Internal control	Test	Observations
		was banked immediately following the event.
	Does the precept recorded agree to the Council Tax authority's notification?	All records agree.
	Are security controls over cash and near-cash adequate and effective?	No cash held. No issues identified.
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash transactions. All transactions through the Bank.
	Is petty cash expenditure reported to each council meeting?	Not applicable, as the Council does not operate a petty cash system.
	Is petty cash reimbursement carried out regularly?	Not applicable, as the Council does not operate a petty cash system.
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	The Council has adopted the NJC Terms and Conditions of employment. The Clerk/RFO is the only employee.
	Do salaries paid agree with those approved by the council?	All salary payments agree to the rate approved by the Council.
	Are salaries above the National Living Wage / Minimum Wage?	Salary in accordance with NJC/SLCC agreed rates.
	Are other payments to employees reasonable and approved by the council?	Payments in accordance with standard practice. Supporting documentation provided with schedule and approved at Council meeting.
	Have PAYE/NIC been properly operated by the council as an employer?	PAYE correctly recorded and paid to HNRC. NIC not applicable.
Asset controls	Does the council maintain a register of all material assets owned or in its care?	The Asset Register was reviewed prior to insurance renewal.
	Where appropriate, are these inspected annually?	Cleaning and remedial work was recorded to telephone box and noticeboards during the year.

Internal control	Test	Observations
	Are the assets and Investments registers up to date?	Register is up to date. No assets were acquired in 2017/18/
	Do asset insurance valuations agree with those in the asset register?	
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Bank reconciliations are carried out and reported to Council.
	Is a bank reconciliation carried out regularly and in a timely fashion?	Bank reconciliations are carried out quarterly and included as part of the quarterly financial report to the Council.
	Are there any unexplained balancing entries in any reconciliation?	No issues identified.
	Is the value of investments held summarised on the reconciliation?	All investments detailed on reconciliation.
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Accounts are prepared on a Receipts and Payments Basis.
	Do accounts agree with the cashbook?	All figures agree to the cashbook.
	Has a year end bank reconciliation been undertaken?	A year end bank reconciliation was undertaken and documented.
	Is there an audit trail from underlying financial records to the accounts?	All receipts/payments were supported by relevant documentation.
	Where appropriate, have debtors and creditors been properly recorded?	Accounts prepared on Receipts & Payments basis. Accompanying notes state there was one debt outstanding and owed to the Council.
	Is the Council adhering to the Transparency Code? (only relevant for councils with turnover of under £25,000)	The Council has met its responsibilities with regard to the Transparency Code.
	See Supplementary Page 1	

Internal control	Test	Observations
Procedural	Have minutes been signed by the Chairman?	All Minutes signed.
		All pages initialed.
	Has the Chairman initialled each page of the Minutes Book?	
	Has the Chairman signed the original year end bank statements?	To be presented to May Council Meeting.
	Has the Chairman signed the year end bank reconciliation?	To be presented to May Council Meeting.
	Is eligibility for the General Power of Competence properly evidenced?	Not applicable. Council uses s.137.
	Have points raised on the last Internal Audit report been considered by council and actioned?	All considered and action taken as appropriate.

Summary of my recommendations:

It is recommended that:

- the Clerk's contract should be updated to reflect the increase in hours worked each week agreed by the Council with effect from 1 April 2017.
- The Clerk's contract should include the Job Description
- As a matter of good practice, powers under the LGA 1972 are recorded for grants/donations
- Meeting papers are placed on the Council's website in addition to agenda and minutes to ensure full compliance with the Transparency Code but having regard to GDPR requirements.

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Signed

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Date