

Swafield & Bradfield Parish Council

Internal Audit Report

For Swafield & Bradfield Parish Council

Financial Year 2018 / 2019

Prepared by Maureen Anderson-Dungar
1 May 2019

Actions for your Council are now:

1. Send a copy of the Explanatory Notes to the External Auditor (where applicable)
2. Discuss this report with your Council 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 2019.

My findings are detailed below using the tests provided in the **Governance and Accountability (England) 2018**.

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 correct.
	Is the cashbook arithmetically correct?	All correct
	Is the cashbook regularly balanced?	Balanced and reported to meetings.
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	5 March 2019
	Date Financial Regulations last reviewed	13 November 2018
	Has a Responsible finance officer been appointed with specific duties?	Yes, the Clerk is the RFO with specific duties identified in Job Description & Financial Regulations.
	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?	Payments supported by relevant documentation, schedule prepared and presented to meetings for authorisation and recorded in Minutes
	Have legal powers been identified for purchases?	N/A for the year under review
	Has VAT on payments been identified, recorded and reclaimed?	All identified and correctly recorded. VAT claim submitted 1 March 2019
Is s137 expenditure separately recorded and within statutory limits?	No s.137 expenditure during the year	

Internal control	Test	Observations
	Are S137 payments commensurate?	N/A – see above
	Have S137 payments been approved and included in the minutes as such?	N/A – see above
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	None identified.
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Risk Management reviewed 13 November 2018, scheduled for annual review
	Is insurance cover appropriate and adequate?	Reviewed November 2018, and relevant to Council's activities.
	Are internal financial controls documented and regularly reviewed?	Accounts and bank reconciliation checked at every meeting; no internal "scrutineer" is appointed.
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes, budget was presented and approved at meeting held on 14 November 2017
	Has the precept been calculated from the budget and been approved?	Yes, and approved at meeting held on 14 November 2017.
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes, budget comparison provided and minuted.
	Are there any significant unexplained variances from budget?	No, all variances recorded.
Income controls	Is income properly recorded and promptly banked?	The Council receives income from the precept and VAT refund via BACS. Cash income via village fete banked promptly after 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. All transactions are via the Bank.

Internal control	Test	Observations
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	The Council does not operate a petty cash system.
	Is petty cash expenditure reported to each council meeting?	N/A – see above
	Is petty cash reimbursement carried out regularly?	N/A – see above
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	The Clerk/RFO is the only employee – copy of contract on file, together with job description, all in accordance with NJC terms and conditions.
	Do salaries paid agree with those approved by the council?	Salary rates approved by Council and supporting documentation provided
	Are salaries above the National Living Wage / Minimum Wage?	Salary accords with NJC/SLCC recommendations
	Are other payments to employees reasonable and approved by the council?	All approved by the Council and in accordance with recommendations
	Have PAYE/NIC been properly operated by the council as an employer?	Payments made to HMRC; all documentation provided.
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes, reviewed November 2018.
	Where appropriate, are these inspected annually?	Maintenance agreements in place for relevant assets.
	Are the assets and Investments registers up to date?	Yes, as at 13 November 2018.
	Do asset insurance valuations agree with those in the asset register?	Yes, review carried out prior to insurance renewal.
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes.
	Is a bank reconciliation carried out regularly and in a timely fashion?	Bank reconciliations are carried out on receipt of bank statement and reported accordingly to Council.
	Are there any unexplained balancing entries in any reconciliation?	None.

Internal control	Test	Observations
	Is the value of investments held summarised on the reconciliation?	
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Receipts and Payments.
	Do accounts agree with the cashbook?	Yes.
	Has a year end bank reconciliation been undertaken?	Yes.
	Is there an audit trail from underlying financial records to the accounts?	All income and expenditure clearly and accurately recorded.
	Where appropriate, have debtors and creditors been properly recorded?	Yes. Accompanying notes to the Accounts record that the Council had one contingent liability at 31 March 2019 of £105.
	Is the Council adhering to the Transparency Code? (only relevant for councils with turnover of under £25,000) See Supplementary Page 1	The Council has met all its responsibilities under the Transparency Code.

Procedural	Have minutes been signed by the Chairman?	Yes.
	Has the Chairman initialled each page of the Minutes Book?	Yes
	Has the Chairman signed the original year end bank statements?	To be presented to Annual Parish Council meeting on 14 May 2019
	Has the Chairman signed the year end bank reconciliation?	To be presented to Annual Parish Council Meeting on 14 May 2019
	Is eligibility for the General Power of Competence properly evidenced?	The Council uses s.137
	Have points raised on the last Internal Audit report been considered by council and actioned?	Considered and actioned at Annual Parish Council Meeting on 8 May 2018

The Council's records are clear, concise and well presented, both in paper form and on the Council's website.

Summary of my recommendations:

- The Council should consider a Schedule for review of policies and protocols to ensure that these are kept up to date.

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Signed

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Date