



**Internal Audit Report
Year ending: 31st March 2016**

Name of Council:	Little Braxted
Income:	£3,444.23
Expenditure:	£3,377.34
Precept figure:	£2,900.00
General Reserve:	£1,645.74
Earmarked Reserves:	

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used.	Spreadsheets are kept for receipts and payments
	Cash book kept up to date and regularly verified against bank statement.	All were found to be in order.
	Correct arithmetic and balancing.	Spot checks were made and found to be correct.
2 Payment controls	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.
	VAT is identified and reclaimed.	VAT return reclaimed 12.04.15 for £63.29. Claim submitted 01.14.116 for £55.31
	S137 separately recorded and minuted.	No S137 column in cash book. Payment for Remembrance Wreath shown as other in cash book. If this was made using S137 of the 1972 Act it should be noted on the cash book/year end accounts and minuted such. Recommendation: that Council reviews the power under which such donations are made and insert appropriate columns if applicable.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements.	Not applicable
	Legal Powers identified in minutes and/or cashbook?	No reference is made to the legal powers under which payments are made. Recommendation: 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.

3. Financial Regulations, Standing Orders	Evidence that standing orders have been adopted and reviewed regularly.	Standing Orders were reviewed at a meeting on 25.06.15 Recommendation: That standing orders are reviewed/adopted with reference to the NALC Legal Briefing L05-15 and minuted during the next financial year.
	Evidence that Financial Regulations have been adopted and reviewed regularly.	Financial Regulations were reviewed at a meeting on 25.06.15 Recommendation: that financial regulations are reviewed /adopted with reference to NALC Financial Briefing F01E-16 and minuted during the next financial year.
4. Petty cash/expenses procedure	Established system in place, and associated supporting documents	Petty cash system in place. Year end balance £2.48
5. Risk management	Evidence that risks are being identified and managed. Internal financial controls documented and minuted.	Governance review carried out 22.09.15.
	Appropriate insurance cover for employment, public liability and fidelity guarantee.	Insurance cover in place. Fidelity guarantee insurance cover £250,000
4. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	The budget and precept were agreed at council meeting 13 th January 2016
	Regular reporting of expenditure and variances from budget.	A finance report is received at council meetings. However it is noted that reporting of income / expenditure against budget was not minuted. Recommendation that such a report be submitted in accordance with the Council's own Standing Order 3.17

6. Income controls	Monitoring of precept and any other income.	The council received £2700 in precept, VAT refund of £63.29, receipts in respect of joint upkeep of War Memorial and prize money for the Essex Village of the Year. As part of its financial risk assessment regular reporting of income would show robust monitoring procedures are in place and would highlight any variations in expected income. Recommendation: council should consider the full reporting of all income to enable it to understand fully the patterns of income flows during the year and to help inform its decision making process.
	Reserves:	General:£1644.74 Earmarked: nil
7. Payroll controls	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 PAYE. All were found to be in order. Nest appointed as the Council's Pension Provider – 01.02.16
8. Asset control	Inspection of Asset register.	Asset register seen.
	Asset register reviewed annually.	1 No. addition for the year 2015-16 – Village Sign at a cost of £100. Assets now total £3029
	Cross checking of Insurance cover.	All were found to be in order.
9. Bank reconciliation	Regularly completed, reconciled with cash book.	All were found to be in order.
	Confirm bank balances agree with bank statements.	Year end bank reconciliations were found to be in order. The bank account balances are not reported at council meetings.
	Regular reporting of bank balances at council meetings.	Recommendation: That both current and reserve account balances are minuted at each council meeting

		as knowledge of bank balances is a key tool for management as it will help members identify available funds at a specific moment in time which will ensure robust decision making practices are in place.
10. Year-end procedures	Appropriate accounting procedures used. Income/Expenditure or Receipts/Payments.	Receipts and payments. Balances agree with cash book and annual return. As a statutory requirement, Council should be aware that the Annual Governance Statement (previously section 2) on the Annual Return must now be approved prior to the Statement of Accounts (previously Section 1).
11. Annual return	Completion of sections of Annual return.	Section 1 is still to be completed Section 2 was completed at time of audit Section 4 was completed by the internal auditor
12. Review internal controls	Date review completed. Previous internal and external reports minuted and considered by Council	The councils governance and associated risk were reviewed at meeting of 22 nd September 2015 Internal report reviewed at a meeting of 25.06.2015 External audit was reviewed at a meeting of 22.09.15
13. Recommendations from previous internal audit – 31 March 2015.	Date reviewed and action plan agreed. 1. Council's standing orders and financial regulations to be reviewed during the next financial year 2. Council's risk management to be reviewed annually 3. Council's internal controls should be reviewed annually	Reveiwed 25.06.5 – but see note above Governance review carried out 22.09.15 Governance review carried out 22.09.15
14. Additional comments	Annual meeting: Appointment of internal auditor:	25 th June 2015 In accordance with 1972 Act and the Council's own Standing Orders the Annual Meeting in an election year must be held within 14 days after that election.

	Transparency code for smaller authorities:	The Council is aware that from 1 April 2015 all councils with turnover less than £25,000 are subject to the Transparency Code for Smaller Authorities and publishes certain information on its website (publicly available and free of charge).
	Arrangements in place for the public inspection of council's records	<p>The Council should be aware that the period for the Exercise of Public Rights cannot commence until the annual return is fully completed, (with the exception of section 3) reviewed and approved by the Council. The 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 Accountability 2015).</p> <p>Council must be aware that the RFO must publish (including publication on the authority's website) prior to the commencement of the inspection period:</p> <ul style="list-style-type: none"> • Annual Governance Statement • Statement of Accounts • A statement setting out the period for the exercise of the elector's rights and details of the external auditor and inspection.
	Is the council registered with the ICO:	Yes

Signed 

Date 14.04.2016

On behalf of Suffolk Association of Local Councils