

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

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| <b>Name of Council:</b>    | Little Braxted |
| <b>Income:</b>             | £8,949.25      |
| <b>Expenditure:</b>        | £7,927.10      |
| <b>Precept figure:</b>     | £3,100.00      |
| <b>General Reserve:</b>    | £1,249.68      |
| <b>Earmarked Reserves:</b> | £1,418.21      |

| Subject  | Requirements  | Comments/Recommendations  |
|--|---|---|
| <b>1. Proper Book-keeping</b>                    | Type of cash book or ledger used.   | Computerised spreadsheet.   |
|  | 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.  |
| <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.                       |
|  | VAT is identified and reclaimed   | VAT is identified in the cash book and reclaimed is on an annual basis.   |
|  | S137 separately recorded and minuted.   | VAT Account for the period ending 31 <sup>st</sup> March 2017 was stated as £553.67 in the cashbook.  |
| <b>3. Financial Regulations, Standing Orders</b> | Does the Council use the General Power of Competence                          | Council has adopted the General Power of Competence   |
|  | Evidence that standing orders have been adopted and reviewed regularly.       | Council confirmed its eligibility criteria to enable it to exercise the General Power of Competence and adopt the General Power of Competence at its meeting on 17 <sup>th</sup> May 2016 |
|  | Evidence that Financial Regulations have been adopted and reviewed regularly. | Standing Orders were seen and were reviewed at a meeting on 26 <sup>th</sup> April 2016 and reflect recent changes in legislation.  |
| <b>4. Petty cash/expenses procedure</b>          | Evidence that Financial Regulations have been tailored to the Council.        | Financial Regulations were reviewed at a Parish Council meeting on 26 <sup>th</sup> April 2016 and reflected recent changes in legislation.   |
|  | Established system in place, and associated supporting documents              | Financial Regulations are tailored to the Council.  |
|  |   | Petty cash system in place with associated paperwork. Year end balances of £2,44.   |

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| <p><b>5. Risk management</b></p>    | <p>Evidence that risks are being identified and managed.</p>  | <p>The Council's Financial and Governance Arrangements were reviewed at a meeting of full Council on 27<sup>th</sup> September 2016. The Council's Risk Assessment and measures taken to reduce risk was considered at the meeting of 27<sup>th</sup> September 2016 and a decision taken to purchase the Local Council Risk Software system for Windows 10.</p> |
|                                     | <p>Appropriate Insurance cover for employment, public liability and fidelity guarantee.</p>   | <p>Insurance cover is in place and was reviewed by full Council at a meeting of 17<sup>th</sup> May 2016. Council agreed to enter into a 3-year long term agreement with its current insurers.</p>   |
| <p><b>6. Budgetary controls</b></p> | <p>Verifying that the budget has been properly prepared, and agreed.<br/>Regular reporting of expenditure and variances from budget.</p>                      | <p>Fidelity guarantee insurance cover is £250,000 and is within recommended guidelines.<br/>The budget and precept were agreed at a meeting of 1<sup>st</sup> February 2016.<br/>Reporting of income/expenditure against budget was received, accepted and minuted at each full Council Meeting.</p>   |
| <p><b>7. Income controls</b></p>    | <p>Monitoring of precept and any other Income.</p>  | <p>The Council received precept in the sum of £3,100.<br/>During the year, Council received a number of one-off grants as funding for specified projects from National Lottery; Rural Community Council of Essex and Essex Community Foundation.</p>   |
|                                     | <p>Reserves:</p>  | <p>Reserves total: £2,667.89<br/>General: £1,249.68 &amp; Earmarked: £1,418.21</p>   |
| <p><b>8. Payroll controls</b></p>   | <p>Salary payments include deductions for PAYE/ NIC. PAYE/NIC paid promptly to HMRC.<br/>Evidence that Council is aware of it's pension responsibilities.</p> | <p>Evidence seen to support approval of salary payments and payment of PAYE.<br/>Council has recognized that under current legislation it has pension duties for its employees and it was agreed to appoint NEST as the Council's Pensions Provider at a meeting of full Council on 1<sup>st</sup> February 2016.</p>  |
| <p><b>9. Asset control</b></p>      | <p>Inspection of Asset register.</p>  | <p>Asset Register seen for period 31.03.17 which shows assets to the value of £31,480 which reflects overall movement through the year of £28,451 (additions)</p>  |

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|                                | <p>Asset register reviewed annually.</p> <p>Cross checking of Insurance cover.</p>   | <p>Upon analysis the Council has included the War Memorial at an estimated cost of £26,737 (June 2016).</p> <p><b>Recommendation:</b> in accordance with recommendations from the Governance and Accountability for Local Councils (A Practitioners Guide) of March 2014, all acquisitions should be included at cost to the Council. Assets, where the original purchase price is unknown, should be included at £1 nominal value. Usually this is only done for assets which cannot be disposed of and are used by the community for perpetual use eg War Memorials. The Recommendation is that the Asset Register is restated showing the value of the War Memorial as <b>£1 Community Asset.</b></p> |
|                                | <p>Asset register reviewed annually.</p>   | <p>Asset register is reviewed annually.</p>  |
|                                | <p>Regularly completed, reconciled with cash book.</p> <p>Regular reporting of bank balances at council meetings?</p>  | <p>Insurance cover was reviewed during the year under review.</p> <p>Items from the asset register were cross checked against the All Risks Items declared under insurance and were found to be in order.</p>  |
| <b>10. Bank reconciliation</b> | <p>Regularly completed, reconciled with cash book.</p> <p>Regular reporting of bank balances at council meetings?</p> <p>Confirm bank balances agree with bank statements.</p> | <p>Bank reconciliations reviewed and agreed on a regular basis</p> <p>Bank statements were seen and a financial report is given at each meeting detailing positions in the bank account and forms part of the minutes</p> <p>Bank balances as at 31.03.17:<br/>Barclays Current Account: £3,002.57<br/>Outstanding cheques: £337.12<br/>Petty Cash Account: £2.44</p>  |
| <b>11. Year-end procedures</b> | <p>Appropriate accounting procedures used.</p> <p>Financial trail from records to presented accounts.</p>  | <p>Receipts and payments.</p> <p>Overall bank balances agree with year-end statements</p>  |
| <b>12. Annual return</b>       | <p>Completion of sections of Annual return.</p>  | <p>Section 2 was completed at the time of audit</p> <p><b>See comment under Section 8</b></p> <p>Section 4 was completed by the internal auditor</p>   |

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| <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>27<sup>th</sup> September 2016</p> <p>Internal audit report considered and accepted at a meeting of 17<sup>th</sup> May 2016<br/>External audit report considered and accepted at a meeting of 27<sup>th</sup> September 2016</p>  |
| <p><b>14. Recommendations from previous internal audit – 31 March 2016.</b></p> | <p>Date reviewed and action plan agreed.</p> <ol style="list-style-type: none"> <li>1. Payments Controls – powers used</li> <li>2. Review Financial Regulations &amp; Standing Orders</li> <li>3. Reporting of Budgetary Controls</li> <li>4. Reporting of Income Received</li> <li>5. Bank Reconciliations</li> </ol> | <p>Adoption of General Power of Competence - closed<br/>Actioned – review of both now undertaken<br/>Actioned – minutes expanded to show undertaken<br/>Actioned – minutes expanded to show undertaken<br/>Actioned – minutes expanded to show undertaken</p>   |
| <p><b>15. Additional comments</b></p>   | <p>Annual meeting:</p> <p>Appointment of internal auditor:</p> <p>Any trustee responsibilities:</p> <p>Transparency code for smaller authorities:</p> <p>Arrangements in place for the public inspection of council's records</p>  | <p>The Annual Parish Council Meeting took place on 17<sup>th</sup> May 2016. Election of Chair 1<sup>st</sup> item on the agenda</p> <p>Ongoing</p> <p>None</p> <p>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</p> <p>Note re period for the exercise of public rights:<br/>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 earliest commencement date for the exercise of the public rights this year will be Monday 3<sup>rd</sup> July 2017.</p> <p>Yes - Registration Reference Z2314041 Expires 26<sup>th</sup> March 2018</p> |

Signed .....

Date 22/04/2017 .....



On behalf of Suffolk Association of Local Councils