

Internal Audit Report
Year ending: 31st March 2018

Name of Council:	Little Braxted
Income:	£7675
Expenditure:	£4753
Precept Figure:	£3,125
General Reserve:	£1,447.57
Earmarked Reserves:	£3,942.11

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 particular 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	<p>Type of cash book or ledger used</p> <p>Cash book kept up to date and regularly verified against bank statement</p> <p>Correct arithmetic and balancing</p>	<p>Excel Spreadsheet.</p> <p>All were found to be in order.</p> <p>Arithmetic and balancing are correct.</p>
2. Financial Regulations & Standing Orders	<p>Evidence that standing orders have been adopted and reviewed regularly</p> <p>Evidence that Financial Regulations have been adopted and reviewed regularly</p> <p>Evidence that a Responsible Financial Officer has been appointed with specific duties</p> <p>Evidence that Financial Regulations have been tailored to the Council</p>	<p>Evidence seen of Standing Orders which were reviewed on 23.05.2017</p> <p>Evidence seen of Financial Regulations which were reviewed on 23.05.2017</p> <p>No evidence in minutes of a Responsible Financial Officer being appointed. Comment: Council may wish to include in their minutes the appointment of an RFO annually.</p> <p>Financial Regulations have been tailored to the Council.</p>
3. Payment controls	<p>Supporting paperwork for payments, and appropriate authorisation</p> <p>Internet Banking transactions properly recorded/approved</p> <p>VAT correctly identified and reclaimed within time limits</p> <p>Has Council adopted the General Power of Competence and is it being correctly applied?</p> <p>S137 separately recorded, minuted and within statutory limits</p>	<p>All paperwork for payments is supported and appropriate</p> <p>Not used.</p> <p>VAT has been identified and reclaimed.</p> <p>The General Power of Competence has not been adopted.</p> <p>No evidence of payments made under S137 seen.</p>

	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	N/A
	Legal Powers to pay identified in the minutes and cash book	No Legal Powers to pay are identified in the minutes and cashbook. Comment: Council may wish to note the legal powers to pay in either the minutes or cashbook to ensure they are working within the law.
4. Risk Management	Is there evidence of risk assessment documentation.	There is evidence of risk assessment documentation.
	Evidence that risks are being identified and managed.	A review of Governance and associated risk was noted in the minutes on 20.1.2018 (6) + a review of risk assessments (7). There is no evidence of any risks being identified.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Appropriate insurance cover is in place with £250,000 of fidelity cover being provided.
	Evidence that insurance is adequate and has been reviewed on an annual basis	Insurance is adequate and was reviewed on 23.05.2017 (9).
	Evidence that internal controls are documented and regularly reviewed	Some internal controls are included in the risk management action plan which has been reviewed in the financial year.
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	No evidence seen of a review of the effectiveness of internal audit during the financial year. Comment: Council may wish to include a review of the effectiveness of its internal audit procedures in the minutes, to confirm the scope of the audit and that the auditor is independent and competent.
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	The budget for the Council was prepared and agreed on 10.01.2017 for £3,125. Information available on the website.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The precept amount was agreed and minuted 10.01.2017 £3125.
	Regular reporting of expenditure and variances from budget	Reported at each meeting.

	Reserves held General and Earmarked. Is income properly recorded and promptly banked? Verifying that the Precept recorded agrees to the Council Tax Authority's notification	<p>£1447.57 General Reserves. £3,942.11 Earmarked Reserves. All details of reserves included on the website.</p> <p>Income is recorded in the cashbook and on the website.</p> <p>The Precept agrees to the Council Tax Authority's notification.</p>
6. Income controls		
7. Petty Cash	Is a petty cash in operation? If so is there an adequate control system in place.	Petty cash held of £2.44 noted on the bank reconciliation. No details included in the minutes. Comment from audit 2016/17 that a petty cash system is in place with a year end balance of £2.44.
8. Payroll controls	Do all employees have contracts of employment? Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC Is there evidence that the Council is aware of its pension responsibilities Are other payments to employees reasonable and approved by the Council	<p>No evidence seen of contracts of employment for employees.</p> <p>Salary payments included deductions for PAYE/NICS which is paid promptly to HRMC.</p> <p>The Declaration of Compliance was completed with the Pension Regulator 31.05.2017 under the Pensions Act 2008, with no staff being automatically enrolled.</p> <p>All other payments to employees are reasonable and approved by the Council.</p>
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises Verifying that the Asset Register is reviewed annually	<p>Asset register seen and last updated on 31.03.2017 However, some items purchased in 2018 were not included on the asset register: New notice board, defibrillator cabinet and litter pick warning sign. Comment: Council may wish to ensure all items purchased are included on their asset register.</p> <p>Asset register was reviewed on 23.05.2017 and minuted.</p>

	Cross checking of Insurance cover	Items from the asset register were crossed checked against the insurance policy and found to be in order.
10. Bank reconciliation	Regularly completed, reconciled with cash book	Bank reconciliations are reported at each meeting.
	Confirm bank balances agree with bank statements	Bank balances on the annual reconciliation agree with bank statements: Barclays Community Account: £5878.40
	Regular reporting of bank balances at council meetings?	Council receives a detailed financial statement at each meeting including income and expenditure, comparison against budget and a bank reconciliation showing Council's balances.
	Appropriate accounting procedures used	Receipts and Payments.
11. Year-end procedures	Financial trail from records to presented accounts	A cross checking of payments to bank statements, cheques, invoices, minutes, cash book and VAT records show everything to be in order.
	Has the appropriate end of year AGAR documents been completed	Yes – Section 1 Annual Governance Statement, Section 2 Accounting Statement have been completed but not signed. The Council has completed the Certificate of Exemption as neither its gross income or expenditure exceeded £25,000 and they are therefore exempt from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.
	Verifying that the previous internal audit reports have been considered by the Council	Evidence minuted of internal audit report considered by Council 23.05.2017 (16)
12. Recommendations from previous internal audit for the year ending 31 March 2017	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	Evidence seen that recommendations raised have been actioned.
	Appointment of Internal Auditor	No evidence seen in minutes of the appointment of an internal auditor. Comment: Council may wish to note in the minutes the appointment of an internal auditor annually.

	<p>In accordance with recommendations from the Governance and Accountability for Local Councils, all acquisitions should be included at cost to the Council. Assets, where the original purchase price is unknown, would 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 e.g. War Memorials. The Recommendation is that the Asset Register is restated showing the value of the War Memorial as £1 Community Asset.</p>	<p>Actioned.</p>
<p>13.Recommendations from previous external audit for the year ending 31 March 2017</p>	<p>Verifying that the external audit report has been considered by the Council</p>	<p>The external audit report was considered by the Council as their meeting on 05.09.2017 (10).</p>
<p>14. Additional Comments</p>	<p>Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit</p>	<p>No recommendations were raised.</p>
	<p>Annual meeting</p>	<p>Annual meeting held on 23.05.2017 with the first item being election of Chairman.</p>
	<p>Any trustee responsibilities</p>	<p>None.</p>
	<p>Verifying that the Transparency Code for Smaller Authorities has been correctly applied</p>	<p>Council is aware of requirements under the Transparency Code for Small Authorities to ensure certain data is published on a public website.</p>
	<p>Verifying that the council is registered with the ICO</p>	<p>Council is registered with the ICO - Certificate no: Z3614041</p>
	<p>Verifying that the Council is making progress towards meeting the General Data Protection Regulation requirements</p>	<p>Council showed progress towards the General Data Protection Regulations and minuted this on 05.09.2017 (12).</p>

Signed..........

Date of Internal Audit Visit 30-5-18'

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