



Internal Audit Report
Year ending: 31st March 2019

Name of Council:	Little Braxted Parish Council
Income:	£27,474.70
Expenditure:	£5,227.49
Precept Figure:	£3274
General Reserve:	£1359
Earmarked Reserves:	£26,276



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 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	Type of cash book or ledger used	Excel spreadsheet is used.
	Cash book kept up to date and regularly verified against bank statement	The cashbook is kept up to date and verified against bank statements.
	Correct arithmetic and balancing	Arithmetic and balancing were correct.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	Up to date Standing Orders were reviewed at the Council meeting on 22/5/18.
	Evidence that Financial Regulations have been adopted and reviewed regularly	Financial Regulations were reviewed at the Council meeting on 22/5/18.
	Evidence that a Responsible Financial Officer has been appointed with specific duties	No evidence seen of the annual appointment of a Responsible Financial Officer. Comment: Council should be mindful that all authorities must annually appoint an officer to be responsible for the financial administration of the authority in accordance with Section 151 of the LGA 1972.
	Evidence that Financial Regulations have been tailored to the Council	Evidence seen that Financial Regulations have been tailored to the Council.
3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	A selection of random payments was selected and cross checked against chequebook, cashbook, bank statements, invoices and minutes. All were found to be in order.
	Internet Banking transactions properly recorded/approved	Internet banking is not used.
	VAT correctly identified and reclaimed within time limits	VAT was reclaimed for the period 1/4/18 to /3/19 and totalled £164.10.
	Has Council adopted the General Power of Competence and is it being correctly applied?	The General Power of Competence has not been adopted.

	S137 separately recorded, minuted and within statutory limits	No payments were made under S137.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	N/A
4. Risk Management	Is there evidence of risk assessment documentation.	Risk assessment documentation identifies and assesses a number of risks associated with its actions and decisions being taken by the Council.
	Evidence that risks are being identified and managed.	Evidence seen that risks are being identified and managed.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	The insurance schedule confirms Public and Employers Liability cover of £10 million each, with fidelity cover of £250,000.
	Evidence that insurance is adequate and has been reviewed on an annual basis	The insurance policy was reviewed on 22/5/18. The Council does not own playground or sports equipment. These are included as standard cover automatically by the insurance company.
	Evidence that internal controls are documented and regularly reviewed	Although evidence seen of financial risk management documentation, there is not a separate document for internal controls. Comment : In order that the Council can provide clear evidence of compliance with the Accounts and Audit Regulations, a separate Statement of Internal Controls should be constructed and adopted by the Council (model document available from SALC)
	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 this financial year. Recommendation : Council should include in their minutes that they have reviewed the effectiveness of the internal audit during the year of audit. Statutory guidance from Accounts and Audit Regulations 2015 regulation 5.
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	Evidence seen of the annual budget to support the precept.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The precept of £3274 was agreed by the Council in their minutes of 30/1/18.

	Regular reporting of expenditure and variances from budget	Expenditure is reported at each meeting in the minutes. The comparison of expenditure against budget is noted at each Council meeting in the Financial Report from the Clerk/RFO.
	Reserves held General and Earmarked.	Details of reserves are published on the website: General : £1359 Earmarked : £26,276
6. Income controls	Is income properly recorded and promptly banked?	Income is recorded in the cashbook and in the Clerk/RFO's financial report and promptly banked. However, each item of income is not listed in the minutes. Comment: It is good practice to record all items of income in the minutes.
	Is income reported to full Council?	Please see note above. Total income is recorded in the minutes.
	Does the Precept recorded agree to the Council Tax Authority's notification?	Precept recorded of £3274 agrees to the Council Tax Authorities notification.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	N/A
7. Petty Cash	Is a petty cash in operation? If so, is there an adequate control system in place.	Clerk has confirmed that a petty cash system is not in operation. There is one outstanding amount for £0.58 which is carried forward each year.
8. Payroll controls	Do all employees have contracts of employment?	No evidence seen of the contract of employment for the Clerk/RFO.
	Are arrangements in place for authorising of the payroll and payments by the Council? Verifying the process for agreeing rates of pay to be applied.	Invoices for payroll are authorised by 2 Councillors and approved at the Council meeting.
	Do salary payments include deductions for PAYE/NIC?	Salary payment included deductions.

	Is PAYE/NIC paid promptly to HMRC?	PAYE is paid to HMRC in accordance with the agreed timescales.
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	Declaration of compliance completed with regulator 31.5.17 with no staff being automatically enrolled.
	Are other payments to employees reasonable and approved by the Council?	All other payments are reasonable and approved by Council. Expenses are supported by receipts.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	Up to date asset register seen, with assets to the value of £4804.
	Verifying that the Asset Register is reviewed annually	It was minuted on 22/5/18 that the asset register has been reviewed.
	Cross checking of Insurance cover	Insurance cover was cross checked against assets and found to be in order.
10. Bank reconciliation	Regularly completed and reconciled with cash book	Clerk provides a regular financial report including bank reconciliation which is provided to Councillors.
	Confirm bank balances agree with bank statements	The bank balances agree with the bank statements: Barclays Community Account £28451.75.
	Regular reporting of bank balances at council meetings	Bank balances are reported at each Council meeting in the minutes.
11. Year-end procedures	Appropriate accounting procedures used	The Receipts and Payments procedure is used.
	Financial trail from records to presented accounts	The Council demonstrates financial control by ensuring that receipts and payments are listed in the Council's minutes as part of the smaller authorities financial control.
	Has the appropriate end of year AGAR documents been completed?	The appropriate AGAR documents have been completed: Section 1 – Annual Governance Statement Section 2 – Accounting Statement

		The Council has correctly not certified itself exempt from an external audit this year as their receipts are in excess of £25,000.
	Where an authority certified itself exempt in 2017/18, did it met the exemption criteria and correctly declared itself exempt?	In 2017/18 the Council declared itself exempt and met the exemption criteria with gross expenditure and income not exceeding £25,000.
	Was there the opportunity provided for the exercise of electors' rights?	The opportunity was provided for the exercise of elector's rights.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The following information was published on a public website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. <ul style="list-style-type: none"> • Certificate of Exemption, page 3 • Annual Internal Audit Report 2017/18, page 4 • Section 1 – Annual Governance Statement 2017/18, page 5 • Section 2 – Accounting Statements 2017/18, page 6 • Analysis of variances • Bank reconciliation • Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015
12. Internal audit for the year ending 31 March 2018	Verifying that the previous internal audit reports have been considered by the Council	It was minuted on 5/6/18 that the internal audit report had been considered by the Council.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	No items were raised.
	Confirmation of appointment of Internal Auditor	No evidence seen of the appointment of an internal auditor for this financial year. Comment: It is good practise to minute the appointment of the Internal Auditor each year.

13.External audit for the year ending 31 March 2018	Verifying that the external audit report has been considered by the Council	The Council declared itself exempt in 2017/18 as its gross income and expenditure did not exceed £25,000.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	N/A
14. Additional Comments	Annual meeting - held in accordance with legislation	The Council's annual meeting was held on 22/5/18 with the first item on the agenda being the election of the chairman.
	Correct identification of trustee responsibilities	N/A
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	Please see note under item 11 year end procedures. All items published.
	Verifying that the council is registered with the ICO	The Council is registered with the ICO under reference Z3614041
	Verifying that the Council is compliant with the General Data Protection Regulation requirements	The Council is partially compliant with the General Data Protection Regulation requirements having published <ul style="list-style-type: none"> • Privacy Notices and a data protection policy To be fully compliant the Council should publish the following items on their website: <ul style="list-style-type: none"> • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies • Audit / Impact Assessment

Signed.....*Linda Harley*.....

Date of Internal Audit VisitN/A.....

Date of Internal Audit Report.....23/5/18.....

On behalf of Suffolk Association of Local Councils