

Cawston Parish Council

Internal Audit Report

For Cawston Parish Council

Financial Year 2017/2018

Prepared by
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29 May 2018

Actions for your Council are now:

1. 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 Cawston Parish Council for the year ending 2018

My findings are detailed below using the tests provided in the **Governance and Accountability (England) 2016**.

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?	Yes
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	17 July 2014 – see recommendation
	Date Financial Regulations last reviewed	17 November 2016 – see recommendation
	Has a Responsible finance officer been appointed with specific duties?	Yes, Clerk is also RFO
	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?	Yes
	Have legal powers been identified for purchases?	No – see recommendation
	Has VAT on payments been identified, recorded and reclaimed?	Yes – see recommendation
	Is s137 expenditure separately recorded and within statutory limits?	None recorded
	Are S137 payments commensurate?	None recorded

Internal control	Test	Observations
	Have S137 payments been approved and included in the minutes as such?	None recorded
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Not in the year under review
	Is insurance cover appropriate and adequate?	Yes, reviewed annually.
	Are internal financial controls documented and regularly reviewed?	Comprehensively documented in risk assessment, but not reviewed this year – see recommendation.
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes, approved 21.12.17.
	Has the precept been calculated from the budget and been approved?	Yes, approved 21.12.17.
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Not in a specific report, but Council is updated on finance at each meeting.
	Are there any significant unexplained variances from budget?	None
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	All payments and receipts by cheque and all payments authorised at meetings.
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.

Internal control	Test	Observations
	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?	Not provided – see recommendation
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage / Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes, all payment supported by invoices/receipts
	Have PAYE/NIC been properly operated by the council as an employer?	Yes
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes – see recommendation
	Where appropriate, are these inspected annually?	Yes
	Are the assets and Investments registers up to date?	Last reviewed September 2015 – see recommendation
	Do asset insurance valuations agree with those in the asset register?	
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes – see recommendation
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Yes – see recommendation
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes – Receipts & Payments
	Do accounts agree with the cashbook?	Yes

Internal control	Test	Observations
	Has a year end bank reconciliation been undertaken?	Yes – see recommendation
	Is there an audit trail from underlying financial records to the accounts?	Yes – all invoices checked by Council Internal Control (Councillor) before presented to meeting.
	Where appropriate, have debtors and creditors been properly recorded?	N/A
	Is the Council adhering to the Transparency Code? (only relevant for councils with turnover of under £25,000)	N/A
	See Supplementary Page 1	
Councils that are Burial Authorities	Are fees levied in accordance with the Council's approved scale of fees and charges?	Yes
	Have fees for the Cemetery been reviewed and agreed by the Council?	Yes
	Were comparisons made with other cemeteries prior to setting the fees?	Not known
	Have burial books been kept up to date and are the safely stored	Yes
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?	Yes for 2016/17. Year end documents for 2017/18 yet to be presented.
	Has the Chairman signed the year end bank reconciliation?	Not for 2017/18 as these have yet to be presented.
	Is eligibility for the General Power of Competence properly evidenced?	Council uses s.137
	Have points raised on the last Internal Audit report been considered by council and actioned?	Adopted – some outstanding

Summary of my recommendations:

Policies & Procedures – Standing Orders, Financial Regulations and all policies and procedures should be reviewed as a priority in the 2018/19 financial year. This is an outstanding item from 2016/17 Internal Audit.

Legal Powers for Purchases – identify a power where possible or use s.137 rather than “sundries.” Items such as the Poppy Wreaths fall into s.137, subscription to Norfolk ALC is covered under s.142 of the LGA 1972.

VAT – It would be helpful to have a copy of the claim form on file to support the payment received.

Risk Assessment/Management – a comprehensive document last reviewed in 2015, review during 2018/19. Outstanding item from 2016/17

Contract/Job Description – a copy of the Clerk’s contract and Job Description should be provided for audit.

Asset Register – Last reviewed 2015, review required in 2018/19. Outstanding item from 2016.17.

Bank Reconciliations – these are carried out regularly, but it is recommended that a Quarterly Report, including a bank reconciliation and summary of receipts/payments against budget is presented to the Council. Year-end bank reconciliation at least should include a box with details of transfers.

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Signed

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Date