**Alby with Thwaite Parish Council**

Internal Audit Report

For Alby with Thwaite Parish Council

Financial Year 2017/18

IncludingExplanatory Notes for Annual Return

(where a ‘no’ has been marked on page 4 of AGAR Pt 2)

Prepared by M Bergin, 17 May 2018

I have completed an internal audit of the accounts for Alby with Thwaite Parish Council for the year ending 31 March 2018.

My findings are detailed below using the tests provided in the **Governance and Accountability for smaller authorities in England March 2018.**

**I would like to thank the Clerk/RFO 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 – on a spreadsheet |
| Is the cashbook arithmetically correct? | Yes |
| Is the cashbook regularly balanced? | Yes - Monthly |
| Standing Orders, Financial Regulations and payment controls | Has the council formally adopted Standing Orders and Financial Regulations? |  Yes - on 12 Dec 2017 – but see notes. |
| Date Standing Orders last reviewed | December 2017 |
| Date Financial Regulations last reviewed | December 2017 |
| Has a Responsible finance officer been appointed with specific duties? | Yes |
| Have items or services above the de minimus amount been competitively purchased? | Yes |
| Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted? | Yes |
| Has VAT on payments been identified, recorded and reclaimed? | No VAT during 2017/18 |
| Is s137 expenditure separately recorded and within statutory limits? | No S137 expenditure during 2017/18. |
| Have S137 payments been approved and included in the minutes as such? | N/A |
| 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 assessmentor review of their risk management scheme? | Yes an annual assessment by the Chairman. |
| Is insurance cover appropriate and adequate? | Yes – but see comments in the notes. |
| Are internal financial controls documented and regularly reviewed? | Yes – part of standing orders. |
| Budgetary controls | Has the council prepared an annual budget in support of its precept and has this been minuted as being approved? | Yes – in December 2017. |
| Has the precept been calculated from the budget and been approved? | Yes |
| Does the budget include an actual completed year? | Yes |
| Is actual expenditure against budget regularly reported to the council? | Yes |
| Are there any significant unexplained variances from budget? | No |
| Income controls | Is income properly recorded and promptly banked? | Yes |
| Does the precept recorded agree to the Council Tax authority’s notification? | District council does not issue notifications. |
| Are security controls over cash and near-cash adequate and effective? | N/A |
| Petty cash procedures | Is all petty cash spent recorded and supported by VAT invoices/receipts? | N/A |
| Is petty cash expenditure reported to each council meeting? | N/A |
| Is petty cash reimbursement carried out regularly? | N/A |
| Payroll controls | Do all employees have contracts of employment with clear terms and conditions? | Yes |
| 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 |
| 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 |
| Are the assets and Investments registers up to date? When were these last reviewed? | Yes but currently being re-written. |
| Do asset insurance valuations agree with those in the asset register? | Yes |
| Bank reconciliation | Is there a bank reconciliation for each account and is this reported to council? | Yes |
| Is a bank reconciliation carried out regularly and in a timely fashion? | Yes - monthly |
| Are there any unexplained balancing entries in any reconciliation? | No |
| Is the value of investments held summarised on the reconciliation? | N/A |
| Year-end procedures | Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)? | Yes |
| Do accounts agree with the cashbook? | Yes |
| Has a year-end bank reconciliation been undertaken? | Yes |
| Is there an audit trail from underlying financial records to the accounts? | Yes |
| Where appropriate, have debtors and creditors been properly recorded? | Yes |
| Procedural | Is eligibility for the General Power of Competence properly evidenced? | N/A |
| Have points raised on the last Internal Audit report been considered by council and actioned? | Yes |
| Transparency: For smaller councils with turnover under £25,000 | Minutes for whole year on website? | Yes |
| Agendas for whole year on website? | Yes |
| Payments over £100 detailed on website? | Yes – in the minutes. |
| Electors’ rights advertised on website? | Yes |
| Councillors’ responsibilities detailed on website? | Council is too small for councilors to have duties. |
| Last financial year’s Annual Return on website? | Yes |
| Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use) | Yes |
| Burial Authorities only | Are fees levied in accordance with the Council’s approved scale of fees and charges? | N/A |
| Have fees for the cemetery been reviewed and agreed by Council? | N/A |
| Were comparisons made with other cemeteries prior to setting the fees? | N/A |
| Have burial books been kept up to date and are they safely stored? | N/A |
| Allotments | Has a list of allotment holders with amounts paid to Council been submitted? | N/A |
| Have fees for the allotments been reviewed and agreed by Council? | N/A |
| Councils with charities only | Have Charities reported and accounted separately? | N/A |
| Have the Charity accounts been independently audited? | N/A |
| Have the Charity accounts and Annual Return been filed within the legal time limit? | N/A |

**Summary of my recommendations:**

Standing orders and Financial regulations were adopted in December 2017. The new Parish Clerk is reviewing these and will be preparing suitable amendments to fit the orders and regulations to this Parish Council. Once she has completed this task the amended documents should be presented to a meeting of the Parish Council for formal adoption. The process of adoption must be an agenda item and should be minuted to indicate clearly the decision of the council.

The layout of the cash book spreadsheet is under review by the clerk. The revised layout MUST have a separate column for S137 payments (there are unlikely to be any such expenses but the facility must be part of the cashbook).

The reconciliation of the cashbook with bank statements should be presented to the parish council at each meeting for the information of members – this action should be minuted to indicate formally that it has been done.

When the budget is due for approval (this is normally in December of each year)- the presentation of the budget to council should be an agenda item and the subsequent approval by the Parish Council must be minuted. The amount of precept to be requested must also be formally minuted.

The requirement for payments over £100 to be on the website is met through the minutes and for a council as small as this one I see no reason for a separate list to be published. Addional councilor’s responsibilities are not on the website – this being a very small parish there is no necessity for this.

The asset register is being re-written by the clerk – current values are probably proxy values taken from the insurance policy. More work is needed to finally produce a more meaningful asset list.

The documents and procedures I viewed were in good order and the website is quite easy to navigate. The new clerk is gradually improving a number of aspects of the Parish Council documentation and I would urge that she be supported in this task by the council in any way possible.

M Bergin 17 May 2018

Signed Date