

Alby with Thwaite Parish Council

Internal Audit Report

For Alby with Thwaite Parish Council

Financial Year 2018/19

**Including Explanatory Notes for Annual Governance and Accountability
Return**

(where a 'no' has been marked on page 4)

Prepared by M Bergin, 9 May 2019

I have completed an internal audit of the accounts for Alby with Thwaite Parish Council for the year ending 31 March 2019.

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 - spreadsheet
	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 – model standing orders
	Date Standing Orders last reviewed	December 2017 due for review in December 2019
	Date Financial Regulations last reviewed	December 2017 due for review in December 2019
	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 paid in 2018/19
	Is s137 expenditure separately recorded and within statutory limits?	No expenditure
	Have S137 payments been approved and included in the minutes as such?	No expenditure
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?	No – but see notes in this report

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes but see note
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	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?	Yes
	Are security controls over cash and near-cash adequate and effective?	Yes
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	Not applicable
	Is petty cash expenditure reported to each council meeting?	Not applicable
	Is petty cash reimbursement carried out regularly?	Not applicable
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

Internal control	Test	Observations
	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 but see note
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes – due for review
	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
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Not applicable
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 – including data protection regulation.	Is eligibility for the General Power of Competence properly evidenced?	Not applicable
	Has the council adopted a data protection policy?	Not applicable
	Has the council appointed a data protection officer?	Not applicable

Internal control	Test	Observations
	Has the council carried out an information audit?	Not applicable
	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
	Electors' rights advertised on website?	No – see notes
	Councillors' responsibilities detailed on website?	Not applicable
	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?	Not applicable
	Have fees for the cemetery been reviewed and agreed by Council?	Not applicable
	Were comparisons made with other cemeteries prior to setting the fees?	Not applicable
	Have burial books been kept up to date and are they safely stored?	Not applicable
Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	Not applicable
	Have fees for the allotments been reviewed and agreed by Council?	Not applicable

Internal control	Test	Observations
Councils with charities only	Have Charities reported and accounted separately?	Not applicable
	Have the Charity accounts been independently audited?	Not applicable
	Have the Charity accounts and Annual Return been filed within the legal time limit?	Not applicable

Summary of my recommendations:

Council documents and processes show a steady improvement from last year's audit.

The Parish clerk has identified errors in last year's AGAR and has resolved them and entered the correct values on the AGAR for this year. All that remains to be done is to amend lines 6, 7 and 8 of page six of the Accounting Statements for 2017/18 and for the amendments to be initialed by both the Chairman and the Clerk – these are 771 (line 6), and 3244 (lines 7 and 8).

An annual risk assessment should be carried out by the Parish Council as soon as possible and the review minuted. This must include risk associated with the management of ponds. As a first step, as the ownership of the ponds is not with the Parish Council, the District Council should be approached formally and asked to advise on the responsibility for management and maintenance of these facilities. Once this information is to hand, a proper risk assessment can be carried out.

The asset list should be reviewed annually and the review minuted – this should be an agenda item as soon as practical and councilors given copies of the list for comment. The observation regarding sharing assets with Erpingham is unusual – if that is the case Erpingham should also have the shelters on their list and should contribute to insurance costs. If there is no evidence to support the assertion of shared ownership – the observation should be removed from the asset list.

A copy of elector's rights should be displayed on the website once the AGAR is complete.

Finally, the Clerk is to be congratulated of the various improvements, particularly to the website.

M Bergin

9 May 2019

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Signed

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Date