



Internal Audit Report
Year ending: 31st March 2017

Name of Council:	Hasketon Parish Council
Income:	£9,450.01
Expenditure:	£11,224.01
Precept figure:	£8,100.00
General Reserve:	£22,983.52
Earmarked Reserves:	<i>£NIL</i>

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used.	Computerised spreadsheet .
	Cash book kept up to date and regularly verified against bank statement.	All were found to be in order.
	Correct arithmetic and balancing.	Spot checks were made and found to be correct.
2 Payment controls	Supporting paperwork for payments, and appropriate authorisation.	A selection of random payments were selected and cross checked against cheque book, cash book, bank statement, invoices and minutes.
	S137 separately recorded and minuted.	<p>Payments made under this Power for the year under review were included within the cashsheet under the heading Subscriptions & Donations & LG137. There is no recording of S137 payments in the minutes or the year-end accounts.</p> <p>Recommendation: Council should ensure that it minutes approval of such payments noting that expenditure incurred under LGA 1972 s.137 has been used as there is no other power applicable and that such expenditure is limited by a cap and must ensure benefit to the community</p>
	VAT identified and reclaimed where appropriate.	<p>VAT is clearly identified in the cashbook and £1,096.56.</p> <p>A note was submitted with the paperwork for Internal Audit which stated that the VAT reclaim would be submitted online in June/July 2017.</p>
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements.	None made
	Legal Powers identified in minutes and/or cashbook?	No reference is made to the legal powers under which payments are made.

3. Financial Regulations, Standing Orders	Evidence that standing orders have been adopted and reviewed regularly.	<p>Standing Orders were reviewed at a meeting of 14th July 2016 but do not reflect recent changes in legislation.</p> <p><u>Recommendation:</u> that standing orders are reviewed during the next financial year and amended with reference to the following: NALC Legal Briefing L05-15 with particular reference to Procurement of Contracts (18c and f); NALC Legal Topic Note 5 of February 2015 reference paragraph 31 onwards for reference to the reporting at meetings of the press and public (SO 3I).</p> <p>Comment: Council should note that the model standing orders in bold type should not be ignored or substantively amended unless the legislation out of which they are born changes. It is recommended that the Council adopts those model standing orders in bold type in their current form because these reflect statutory requirements.</p>
	Evidence that Financial Regulations have been adopted and reviewed regularly.	<p>Whilst the Council's Financial Regulations were reviewed at the meeting of 14th July 2107 they do not reflect recent changes in legislation.</p> <p><u>Recommendation:</u> that financial regulations are reviewed /adopted with reference to NALC Financial Briefing F01E-16 with particular reference to the procedures for issuing contracts and minuted during the next financial year.</p> <p>Financial Regulations are tailored to the Council.</p>
	Evidence that Financial Regulations have been tailored to the Council.	
4. Petty cash/expenses procedure	Established system in place, and associated supporting documents	No petty cash held. Expenses claimed are approved by full council with supporting paperwork.

5. Risk management	Evidence that risks are being identified and managed.	Risk assessment and financial management register for the period under review seen and covers the risks to which the smaller authority might be exposed.
	Appropriate Insurance cover for employment, public liability and fidelity guarantee.	Insurance cover is in place and was reviewed by full Council at the meeting of 12 th May 2016. Council has cover with Mavern Local Councils under a Local Council Policy. Appropriate cover is in place with cover under (but not exclusive) Public & Products Liability and Employers Liability. Fidelity guarantee insurance cover is £250,000 and is within recommended guidelines.
6. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	The budget and precept were discussed at a meeting of 14 th January 2016 and it was agreed to request a precept of £8,222. See comment under 7 below.
	Regular reporting of expenditure and variances from budget.	A summary of accounts paid since the prior meeting is minuted as having been submitted to Council and approved at each meeting. Balances in both accounts are also reported along with the Clerk's report on the balance of accounts. Where appropriate, virements were made to cover non budgeted expenditure.
7. Income controls	Monitoring of precept and any other Income.	Due to a misunderstanding with Suffolk Coastal District Council and late submission of the relevant paperwork, the Council received precept in the sum of £8,100 and not the £8,222 as stated in the minutes. A number of random income records were selected and cross checked against paying books, bank statements, cash book and minutes.
	Reserves:	General reserves total: £22,953 Council is aware that this is higher than expected due to a number of outstanding unrepresented invoices for the year under review.

<p>8. Payroll controls</p>	<p>Salary payments include deductions for PAYE/ NIC. PAYE/NIC paid promptly to HMRC. Evidence that Council is aware of it's pension responsibilities.</p>	<p>Evidence seen to support approval of salary payments and payment of PAYE.</p> <p>Comment: Council should recognize that under current legislation it has pension duties for its employees and should ensure compliance with its duties as per the information on the pension regulator website: http://www.thepensionsregulator.gov.uk/en/</p>
<p>9. Asset control</p>	<p>Inspection of Asset register.</p>	<p>An Asset Register seen for period 31.03.17 which shows assets to the value of £30,000 which reflects overall movement through the year of £1500.00. <i>The Internal Auditor is unable to verify the reason for the increase as the Asset Register is limited in scope.</i></p> <p>Recommendation: the council should review its asset register to include additional columns to show date of new aquisitions and/or disposals.</p>
	<p>Asset register reviewed annually.</p>	<p>Asset register is reviewed annually.</p>
	<p>Cross checking of Insurance cover.</p>	<p>Asset cover is generic under such terms as street furniture; gates and fences; playground equipment; war memorials; ground srfaces; mowers and machnery; sports equipment and 'contents'.</p>
<p>10. Bank reconciliation</p>	<p>Regularly completed, reconciled with cash book.</p> <p>Confirm bank balances agree with bank statements.</p>	<p>Bank reconciliations reviewed and received on a bi-monthly basis</p> <p>Bank balances as at 31.03.17: Barclays Current Account: £3,711.48 Barclays Reserve Account: £19,986.04 Outstanding cheques: £714.00 Letters of authorisation for the transfer of funds were seen and verified with the statements.</p>

	Regular reporting of bank balances at council meetings?	Bank statements were seen and a financial report is given at each meeting detailing positions in both bank accounts and forms part of the minutes.
11. Year-end procedures	Appropriate accounting procedures used. Financial trail from records to presented accounts.	Receipts and payments. Overall bank balances agree with year-end statements
12. Annual return	Completion of sections of Annual return.	Sections 1 and 2 of the Annual Return were completed and signed at the time of audit. <u>Council should be aware that the brought forward figure for 2016/2017 differs from the audited accounts for 2015/16 and an explanation will need to be provided to the External Auditor as to why the audited figure has not been used. Council should be aware that the Governance and Accountability Guide for Smaller Authorities March 2016 states that the balances brought forward should show the closing balance carried forward from the previous year's accounting statements.</u>
		Section 4 was completed by the internal auditor
13. Review internal controls	Date review completed. Previous internal and external reports minuted and considered by Council	Internal controls were reviewed at a meeting of 12 th May 2016 as part of the Annual Governance Assertions. Internal audit report considered accepted at a meeting of 14 th July 2016 External audit report considered and accepted at a meeting of 8 th September 2016
14. Recommendations from previous internal audit – 31 March 2016.	Date reviewed and action plan agreed. 1. Payment Controls - review of legislation 2. Review of Financial Regulations and Standing Orders 3. Budgetary Controls	Reviewed Outstanding – see Section 3 above Undertaken but see Note 6 above

	4. Bak reconciliation to year-end 5. Registration with ICO	Closed Outstanding
15. Additional comments	Annual meeting:	The Annual Parish Council Meeting took place on 12 th May 2016 with the election of the new Chair taking place at Agenda Item 3 after apologies for absence. Recommendation: Council should ensure that, in accordance with legislation (Local Government Act 1972, Schedule 12, paragraph 7(2)), the first business of the annual meeting of a local council is the election of the new Chairman of the council.
	Appointment of internal auditor:	14 th March 2017
	Any trustee responsibilities:	None
	Transparency code for smaller authorities:	Council is aware of the mandatory requirements under the Transparency Code for Smaller Authorities (2015 Regulations) to ensure certain data is published on a freely accessible website
	Arrangements in place for the public inspection of council's records	Note re period for the exercise of public rights: Period for the exercise of public rights is 30 working days. These 30 working days must include the first 10 working days in July (Regulation 14 and 15 of the Accounts and Audit Regulations 2015).
	Is the council registered with the ICO:	No - whilst Council has considered this matter, the Internal Auditor recommends that Council, as a Data Handler, reviews the requirement for registration.

Signed

Date

On behalf of Suffolk Association of Local Councils