

Internal Audit Report Year ending: 31st March 2016

Name of Council:	Little Blakenham
Income:	£7,782.44
Expenditure:	£4,003.64
Precept figure:	£5,250.00
General Reserve:	£11,880.66
Earmarked Reserves:	£1,068.00

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.	<p>A selection of random payments were selected and cross checked against cheque book, cash book, bank statement, invoices and minutes.</p> <p>Whilst all items for authorisation were initially listed in the minutes, as of November 2015 this appears to have changed.</p> <p>Recommendation: Council should be aware that under its own Financial Regulations FR 5.2 states that 'the RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda....A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised'. The Council might want to review its current practice in light of its own Financial Regulations.</p>
	S137 separately recorded and minuted.	Payments made under this Power totalled £200.00 and were recorded as such in the Cash Book and the Statement of Accounts - Supporting Statement.
	VAT is identified and reclaimed.	VAT claim in the sum of £229.47 to be submitted in accordance with the Cash Sheet.
	Legal Powers identified in minutes and/or cashbook?	<p>No reference is made to the legal powers under which payments are made.</p> <p>Recommendation: to ensure that all payments made are</p>

		within its powers and that it is not acting outside of its legal power, a reference as to the power being used should be identified in either the minutes or the cashbook.
3. Financial Regulations, Standing Orders	Evidence that standing orders have been adopted and reviewed regularly.	Whilst Standing Orders were seen, they do not reflect the changes in legislation over the past year. Recommendation: That standing orders are reviewed /adopted with reference to The Openness of Local Government Bodies Regulations 2014 (S.O. 3L) & NALC Legal Briefing L05-15 and minuted during the next financial year with particular reference to Procurement of Contracts
	Evidence that Financial Regulations have been adopted and reviewed regularly.	Financial Regulations for the year under review do not reflect changes in legislation. Recommendation: that financial regulations are reviewed /adopted with reference to NALC Financial Briefing F01E-16 and minuted during the next financial year
	Evidence that Financial Regulations have been tailored to the Council.	Financial Regulations are 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 assessments for the Village Hall, The Glebeland and the Beeches Play Area as well as the financial management document for the period under review seen as presented to the Parish Council at meetings in February and March respectively.
	Appropriate insurance cover for employment, public liability and fidelity guarantee.	Insurance cover in place. Fidelity guarantee insurance cover is £150,000 which is within current recommended guidelines of year-end balances plus 50%

4. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	The budget and precept were agreed at a meeting of 12.01.2015 and the precept was set at £5,250.00
	Regular reporting of expenditure and variances from budget.	There is no regular reporting of income/expenditure against budget during the year in accordance with Council's own Standing Order17c Recommendation: that a current budget position should be reported and minuted on a quarterly basis and that it should form part of the minutes as regular reporting of income expected would show robust monitoring procedures are in place and would highlight any variations in both income and expenditure.
6. Income controls	Monitoring of precept and any other Income.	The Council received precept in the sum of £5,250 and £67.17 as council tax support grant. 6 income records were selected and cross checked against paying books, bank statements, cash book and minutes.
	Reserves:	General: £11,880.66 Earmarked: £1,068.00
7. Payroll controls	Salary payments include deductions for PAYE/ NIC. PAYE/NIC paid promptly to HMRC.	Payroll is outsourced to Thirsk Payroll Services. Evidence seen to support approval of salary payments and payment of PAYE.
	Evidence that Council is aware of it's pension responsibilities.	Under new regulations the Council will have pension duties for its employees. Information can be found on the pension regulator website : http://www.thepensionsregulator.gov.uk/
8. Asset control	Inspection of Asset register.	Asset Register seen for period 31.03.16. Assets to the value of £51,577.59 noted and as per the sum on Annual Return. However when the significant variance is analysed this shows movement of £1,625. There is no indication on the Asset Register as to what this refers.

		Recommendation: that Council reviews the Asset Register and explains to the External Auditor the reasoning behind the increase as the Accounting Statements state that there were no additions or disposals during the year.
	Asset register reviewed annually.	Asset register is reviewed annually but seen comment above.
	Cross checking of Insurance cover.	Insurance cover was reviewed during the year under review. All were found to be in order – items are generic in cover and not item specific.
9. Bank reconciliation	Regularly completed, reconciled with cash book. Confirm bank balances agree with bank statements. Regular reporting of bank balances at council meetings?	Bank reconciliations were carried out on a quarterly basis due to the frequency of the production of statements. Bank balances as at 31.03.16: £12853.66 Business Bank Instant: £2929.29 Treasurers Account: £10,019.37 Outstanding cheques: - £95.00 Although bank statements were seen there is no reporting of bank balances at meetings in accordance with Councils own Standing Order 17c. The Council might want to review its current practice in light of its own Standing Orders.
10. 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 – see comment above regarding Asset Register
11. Annual return	Completion of sections of Annual return.	Sections 1 and 2 were completed at the time of audit Whilst there is an underlying financial trail from records to presented accounts the figures shown under Section 8

		<p>on the Annual Return do not agree with the Bank Reconciliation. Recommendation: as the accounts are prepared on a receipts and payments basis boxes 7 and 8 should agree. Council should ensure that unpresented cheques should be taken off the bank reconciliation and not the total payment balance. Council should review the accounts and correct the inaccurate entry under Box 8.</p>
		Section 4 was completed by the internal auditor
12. Review internal controls	<p>Date review completed.</p> <p>Previous internal and external reports minuted and considered by Council</p>	<p>There is no evidence to confirm that the Council has completed a review of its internal controls or their effectiveness.</p> <p>Recommendation: that Council maintains an adequate and effective system of internal control (Regulation 3 of the Accounts and Audit Regulations 2015) and conducts an annual review of the effectiveness of the system of control as per Regulation 6(1) of the Accounts and Audit Regulations 2015.</p> <p>Internal audit report considered and accepted 13th July 2015 with an action plan agreed upon for the areas requiring improvement. External audit report considered and accepted at a meeting of 14th September 2015</p>
13. Recommendations from previous internal audit – 31 March 2015.	<p>Date reviewed and action plan agreed.</p> <ol style="list-style-type: none"> 1. Review of Standing Orders and Financial Regulations 2. Review of unpresented cheques 3. Annual Risk Assessment 4. Receipts to be issued for income received 5. Register with HMRC as an employer 6. Accounting Procedures for Box 2 7. Treatment of unpresented cheques 8. Review of Internal Controls 	<p>Actioned but see comment under</p> <p>Completed</p> <p>Completed</p> <p>Actioned</p> <p>Actioned</p> <p>Actioned</p> <p>Outstanding</p> <p>Outstanding</p>

14. Additional comments	Annual meeting:	The annual meeting of the parish council was held on 13 th May 2015 and in accordance with the regulations, the first item to be considered was the election of the Chair.
	Appointment of internal auditor:	13 th March 2016
	Minutes paginated and signed:	It was noted that only the final page of each meeting's minutes were signed and that the pages themselves were not paginated. Recommendation: looseleaf minutes are only lawful provided that the pages are consecutively numbered and initialled by the person signing the minutes at the time of signature (LGA1972 Sch 12, para 41(2) - Council should ensure that this practice is implemented.
	Transparency code for smaller authorities:	Council is aware of the requirements under the Transparency Code.
	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 Accountability 2015). It is noted that the Council's commencement date for the exercise of the public rights this year is Friday 1 July.
	Is the council registered with the ICO:	Yes

Signed 

Date 06.07.2016

On behalf of Suffolk Association of Local Councils