

Internal Audit Report
Year ending: 31st March 2020

Name of Council:	Coney Weston Parish Council
Income:	£5029.47
Expenditure:	£7171.91
Precept Figure:	£4622
General Reserve:	£2500
Earmarked Reserves:	£4050

Internal Audit Objectives and Responsibilities

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council, and to achieve this will adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data

Accordingly, in the conduct of planned audits Internal Audit may:

- Carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2019/20 of the Annual Governance and Accountability Return (AGAR)
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- Appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- Review the established systems to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations, and determine whether the council complies
- Review the operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used	Computerised spreadsheets are used as the cash ledger.
	Cash book kept up to date and regularly verified against bank statement	The cashbook is kept up to date and referenced.
	Correct arithmetic and balancing	Spot checks for the year under review were made and found to be in order.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	Standing Orders have been adopted (NALC Model Standing Orders 2018) and were reviewed at a Council meeting of 11 July 2019.
	Evidence that Financial Regulations have been adopted and reviewed regularly	Financial Regulations have been adopted and were reviewed and amended at a Council meeting of 11 July 2019.
	Evidence that a Responsible Financial Officer has been appointed with specific duties	The Council, in accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the financial affairs of the relevant authority at its meeting of 9 May 2019.
	Evidence that Financial Regulations have been tailored to the Council	Financial Regulations have been tailored to the Council.
3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	A selection of random payments were selected and cross checked against cash book, invoices, VAT and minutes and found to be in order. It was noted a 'payments for authorisation and supporting evidence' was introduced in September which helps provide an audit trail. <i>Comment: Council may wish to include in the payment schedule identification of the appropriate legal power which ensures all financial decisions or payments are made in accordance with</i>

		<p><i>statute and the Council is not undertaking any decisions or payments that are ultra vires.</i></p> <p><i>To provide a full audit trail there should be evidence that Councillors have seen the actual invoice/request for payments such evidence should be by way of initials on the invoice submitted for payment. This is to protect the RFO as well as fulfilling an internal control objective to ensure the safeguarding of public money.</i></p>
	Internet Banking transactions properly recorded/approved	Internet banking not used by Council.
	VAT correctly identified and reclaimed within time limits	VAT identified and £182.57 reclaimed.
	Has Council adopted the General Power of Competence and is it being correctly applied?	Council has not adopted the General Power of Competence
	S137 separately recorded, minuted and within statutory limits	<p>Section 137 of the Local Government Act 1972 enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £8.12 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.</p> <p>It was noted a number of payments were made using S.137 where another power existed: for example, monies paid to the village hall should have been made using Local Government Act 1972 s. 133 power to give to community building</p> <p>Recommend: Council clearly identifies the correct power for payments, advice can be sought from SALC.</p>
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	There were none applicable for the year under review.
4. Risk Management	Is there evidence of risk assessment documentation?	A Financial and Management Risk Assessment document seen by the Internal Auditor.
	Evidence that risks are being identified and managed.	Council reviewed its risk assessment at a Council meeting of 5 March 2020.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Insurance cover was in place during the year under review. Employers Liability £10million

		Public Liability £10million Fidelity Guarantee £25,000 this is within the recommended guidelines of year-end balances plus 1 st instalment of precept received.
	Evidence that insurance is adequate and has been reviewed on an annual basis	Insurance was reviewed at a Council meeting of 5 September 2019. It was noted Council agreed a 3 year long term agreement.
	Evidence that internal controls are documented and regularly reviewed	The Internal Control Statement was considered and reviewed at a Council meeting of 5 March 2020.
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	In accordance with the Accounts and Audit Regulations 2015, at the review of the Internal Control Statement at its meeting of 5 March 2020, Council also carried out a review of the effectiveness of internal audit.
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	Budget was agreed at a Council meeting of 3 January 2019. Budget papers to support the budget of £5622 were seen by the Internal Auditor with £1000 being using from reserves.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The Precept in the sum of £4622 was agreed at a Council meeting of 3 January 2019 with the amount being clearly minuted.
	Regular reporting of expenditure and variances from budget	Some evidence of reporting of expenditure and variance from budget. Recommend: In accordance with Councils Standing Orders 17c, Council should receive a report submitted by the Responsible Financial Officer as soon as practicable after 30 June, 30 September, 31 December which contains a statement to summarise: <ol style="list-style-type: none"> 1. Councils receipts & payments for each quarter 2. Councils aggregate receipts & payments for the year to date 3. The balances held at the end of the quarter being reported & which includes a comparison with the budget for the financial year & highlights any actual or potential overspends.

	Reserves held	General Reserves: £2500 Earmarked Reserves: £4050
	General and Earmarked.	
6. Income controls	Is income properly recorded and promptly banked?	Income is properly recorded on the cashbook and banked where appropriate.
	Is income reported to full Council?	No minute reference is made to income received. Recommend: Income is included on the payment schedule and a minute reference is made.
	Does the Precept recorded agree to the Council Tax Authority's notification?	Evidence was provided showing the Precept to be paid and receipt of same in the Council's Bank Account.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	Not applicable.
	<ul style="list-style-type: none"> Is CIL income reported to Council? 	
	<ul style="list-style-type: none"> Does unspent CIL income form part of Earmarked reserves? 	
	<ul style="list-style-type: none"> Has an annual report been produced 	
7. Petty Cash	Is a petty cash in operation?	Council does not operate a petty cash system.
	If so, is there an adequate control system in place.	
8. Payroll controls	Do all employees have contracts of employment?	Contract of employment not seen by the Internal Auditor.
	Are arrangements in place for authorising of the payroll and payments by the Council?	PAYE is operated in accordance with HM Revenue and Customs guidelines. SALC is contracted to fulfil the function of payroll

	Verifying the process for agreeing rates of pay to be applied.	administrator. The payments of salary to the Clerk are approved by full Council.
	Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	There were no sums due to HM Revenue and Customs during the year under review.
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	The Internal Auditor did not see evidence that Council was aware of its pension responsibilities. No pension payments had been made in the year under review. <i>Comment: Council should, if they have not already, ensure a Declaration of Compliance is completed.</i>
	Are other payments to employees reasonable and approved by the Council?	Council approves all expenses paid to the Clerk with a minute reference.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	An asset register is maintained with a mix of cost value and insurance value. Recommend: Assets should be recorded at their actual purchase cost. A proxy cost may be applied only where the cost/value is not known. A separate column may also be used for the insurance value if appropriate.
	Verifying that the Asset Register is reviewed annually	The asset register was reviewed at a Council meeting of 5 March 2020. The Council had play equipment listed however the Internal Auditor saw no reference to an annual inspection. Recommend: Council ensures an independent annual play inspection takes place with a minute reference made.
	Cross checking of Insurance cover	It was noted Council had increased cover to £75,000.
10. Bank reconciliation	Regularly completed and reconciled with cash book	Regular bank reconciliations are completed.
	Confirm bank balances agree with bank statements	The overall year-end bank position is stated as £6641.95 - It was noted Council closed its Flexible Savings Account in the year under review. Balances confirmed at year end are: Lloyds Classic Account £6791.95

		o/s cheques £150
	Regular reporting of bank balances at council meetings	No minute reference to the regular reporting of bank balances. Recommend: A financial report is given at each meeting and forms part of the Minutes.
11. Year-end procedures	Appropriate accounting procedures used	Council operates on a Receipts and Payments basis.
	Financial trail from records to presented accounts	The Council demonstrates good financial control by ensuring that payments are listed in the Council's Minutes as part of the smaller authority's financial control.
	Has the appropriate end of year AGAR documents been completed?	A Certificate of Exemption had been completed. Section 1 Annual Governance Statement and Section 2 Accounting Statements of the AGAR were not presented to the Internal Auditor however a separate accounting statement of the Council did include a breakdown of the boxes of Section 2 of the AGAR which were found to be correct.
	Where an authority certified itself exempt in 2018/19, did it met the exemption criteria and correctly declared itself exempt?	As the Council was a smaller authority with gross income and expenditure not exceeding £25,000 during the year 2018/19, it was able to certify itself as an exempt authority which was confirmed at a meeting of council on 9 May 2019.
	During the Summer 2019 did the smaller authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations?	The Internal Auditor was able to find the details of the arrangements for the exercise of public rights for the period ending 31 st March 2019 on the public website used by the Council.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure not exceeding £25,000 and published the following on a public website: Annual Internal Audit Report of the AGAR Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statements of the AGAR

		Notice of the period of the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.
12. Internal audit for the year ending 31 March 2019	Verifying that the previous internal audit reports have been considered by the Council	The internal audit report was considered at a Council meeting of 9 th May 2019.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	The recommendation raised in the internal audit report were noted at a Council meeting of 9 th May 2020: Reclaim of VAT - actioned
	Confirmation of appointment of Internal Auditor	SALC was appointed as the Internal Auditor at a Council meeting of 7 November 2019.
13. External audit for the year ending 31 March 2019	Verifying that the external audit report has been considered by the Council	No external report was provided by the external auditors as the Council was able to certify itself as exempt from a Limited Assurance Review.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	Not applicable.
14. Additional Comments	Annual meeting - held in accordance with legislation	The Annual Meeting of the Parish Council was held on 9 th May 2019 with the first item on the agenda being the election of the Chairman in accordance with the Local Government Act of 1972 15(1).
	Correct identification of trustee responsibilities	The Parish Council does not act as sole trustee for any Trust Funds.
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	To ensure compliance with the requirements of the Transparency Code for smaller authorities (turnover not exceeding £25,000), Council is aware that the following should be published on a public website for the year 2019/20 not later than 1 July: Internal Audit Report List of Councillors and Responsibilities Items of Expenditure Above £100 including recoverable and non-recoverable VAT End of Year Accounts

	<p>Annual Governance Statement Asset Register And that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency code for smaller authorities – December 2014.</p> <p>Recommend: Council publishes items of expenditure above £100 including recoverable and non-recoverable VAT</p>
Verifying that the council is registered with the ICO	<p>The Council is correctly registered with the Information Commissioner’s Office (ICO) as a Data Controller in accordance with the Data Protection Legislation. Registration No: ZA703702</p>
<p>Verifying that the Council is compliant with the General Data Protection Regulation requirements</p> <p>Are the following in place:</p> <ul style="list-style-type: none"> • Audit / Impact Assessment • Privacy Notices • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies 	<p>Council is not compliant with the General Data Protection Regulations although the Internal Auditor has noted Council has a General Privacy Notice.</p> <p>Recommend: The following policies should be put in place to meet the requirements of the General Data Protection Regulations:</p> <p>Audit/Impact Assessment Procedures for Subject Access Requests Procedures for Data Breaches Data Retention & Disposal Policies Templates for the above are available on the SALC website.</p>

Signed: S.J. Brown

Date of Internal Audit Report: 13.5.2020

On behalf of Suffolk Association of Local Councils