

July 4, 2018

Alwington Parish Council Internal Audit Report 2017/18

Testing was carried out using sampling and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity.

The findings are reported below:

✓ Governance and Control

All councils of whatever size are required to annually prepare and consider:

- a general and financial risk assessment covering the council's activities
- a statement of internal control
- annually review any charges for services whether or not they are increased and record this in minutes.

Councils under £25,000 turnover are legally required to publish on a website information required by the Transparency Code for Smaller Authorities 2014

- Website disclosure of information is required for those whose turnover is below £25,000.

Councils should have in place and periodically review:

- standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation
- financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.

Risk Assessment, Financial Regulations and Standing Orders were reviewed in the year, but Risk Assessment document provided was undated and unsigned. This matters should be rectified at the next council meeting.

The link to the council website was not working. The council should ensure that the website operates effectively.

• Precept, Budgets and Reserves

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

The minutes for November 2017 were not available, therefore not possible to check approval of precept and budget for 2018/19

There continues to be difficulty in reconciling the fund and problems balancing the accounts. This has caused problems at the last two audit.

It is understood that the Council is to change their arrangement with the district council whereby the precept is paid gross and the normal process is utilised for the payment of clerks salary by the district council with payment by invoice.

✓ **Other Receipt or Income**

A sample of other receipts was tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement.
- That VAT was correctly identified and re-claimed.

At the last audit, it was identified that VAT should be reclaimed regularly No VAT reclaim has been made since November 2016 for 2015/16. The clerk should ensure that the councils VAT reclaim is up-to-date.

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council
- Additional hours worked were approved and supported by time records
- Employees are paid in accordance with contractual obligations and on the correct pay date
- Employees have a written statement of principal terms and conditions
- That PAYE and NI are operated and paid promptly

The clerk's terms and conditions were reviewed and amended in the year, however, the detail of the changes were not minuted. This needs to be actioned at the next meeting.

✓ **Payments including Bank**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim, or other appropriate documentation
- Grant payments are subject to a proof of need assessment and are required to be evidenced as spent for the approved purpose and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared
- Where payments are made other than by cheque with 2 councillor signatories the council has considered and actioned the requirements of appendix 10 of Governance and Accountability and have documented the process followed.

Not all payments are approved in the council minutes and where the council are asked for a grant, the need for the grant should be assessed by the council and minuted when the grant approved.

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

Satisfactory. No issues.

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date
- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases

The assets held by the council are unchanged in 2017/18, however, the value has been reduced. Assets held by parish councils are not subject to depreciation and the clerk should make the necessary amendment to the assets register.

✓ **Annual Governance and Accountability Return (AGAR)**

Amendments have been identified as necessary to the AGAR documents. These amendments need to be inked in and appropriately initialled.

Regards

K J Snooks