



Internal Audit Report
Year ending: 31st March 2019

Name of Council:	Little Waldingfield
Income:	£17,729.36
Expenditure:	£13518.58
Precept Figure:	£
General Reserve:	£6,078.07
Earmarked Reserves:	£19358.49 – Made up of: Asset replacement £1000 Closed Churchyard £3500 Street Lighting £3000 Election 1000 Clive Memorial £2474.99 Neighbourhood Plan £500 Neighbourhood Plan grants £7883.50



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 2017/18 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 is in compliance

- 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	Excel Spreadsheet cashbook used
	Cash book kept up to date and regularly verified against bank statement	The cash book is kept up to date and regularly verified against the bank statements by full Council.
	Correct arithmetic and balancing	Arithmetic and balancing are correct.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	Council minuted the review and adoption of NALC's model Standing Orders 2018 on 13.12.18
	Evidence that Financial Regulations have been adopted and reviewed regularly	Council minuted the review and adoption of NALC's model Financial Regulations on 13.12.18
	Evidence that a Responsible Financial Officer has been appointed with specific duties	There is no evidence in the minutes of the specific appointment of a Responsible Financial Officer for this audit year however it was minuted that the Clerk was appointed 12.4.18 and the Council's internal controls state that the Clerk is the Financial Officer. Comment: Council should be mindful that all authorities must minute the annual appointment of an officer to be responsible for the financial administration of the authority in accordance with Section 151 of the Local Government Act 1972.
	Evidence that Financial Regulations have been tailored to the Council	Evidence seen that Financial Regulations have been tailored to the Council.
3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	Supporting paperwork for invoices with appropriate authorisation by 2 Members has been seen. No evidence seen of the Legal Powers to pay being noted in the minutes or cashbook.

		<p>Recommendation: That powers are recorded in the minutes or cashbook so that the council can consider the legality of payments and agree that they have only acted within powers for the Annual Governance Statement.</p> <p>The Council's donation to the Poppy Appeal and purchase of a wreath will come under Section 137 and should be minuted as being paid under this capped power.</p>
	Internet Banking transactions properly recorded/approved	N/A
	VAT correctly identified and reclaimed within time limits	Evidence seen of VAT reclaim for the previous financial year.
	Has Council adopted the General Power of Competence and is it being correctly applied?	The General Power of Competence has not been adopted.
	S137 separately recorded, minuted and within statutory limits	No payments were made under S137 however please see note above.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	N/A
4. Risk Management	Is there evidence of risk assessment documentation.	Evidence of risk assessment documentation seen and a review minuted 13.9.18
	Evidence that risks are being identified and managed.	<p>There is no evidence that any risks have needed to be managed.</p> <p>Comment: It is good practise to minute that risk assessments are being carried out more frequently than on an annual basis.</p>
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	<p>13.9.18 Fidelity Insurance was increased to £25,500 during the year. Council may wish to increase again to cover the recommended guidelines of year end balances for 18/19 plus 50% of precept = £29,636.</p> <p>Employers Liability £10m</p> <p>Public Liability £10m</p> <p>Assets are included under all risks.</p>
	Evidence that insurance is adequate and has been reviewed on an annual basis	Minutes of 13.9.18 showed evidence of a review of the asset register by clerk and a Councillor. Insurance was then approved by full Council but not specified as having been reviewed.

		Recommend: The Council should minute that they have reviewed their insurance policy against their asset register to ensure it is adequate and note that this has been carried out in the minutes.
	Evidence that internal controls are documented and regularly reviewed	Financial controls included within Internal Controls document. Minuted as reviewed 13.9.18 by Full Council.
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	No evidence seen of a specific review of the effectiveness of internal audit during the audit year. Recommendation : Council should include in their minutes that they have reviewed the effectiveness of the internal audit during the year of audit. Statutory guidance from Accounts and Audit Regulations 2015 regulation 5.
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	Evidence seen of a budget to support the application for the precept including grants received. Draft budget minuted as presented to members 8.11.18
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	It was minuted in the full Council meeting on 8.11.18 that the precept was approved at £8,415.00
	Regular reporting of expenditure and variances from budget	Cashbook, income, expenditure and budget reports are minuted as reviewed and noted at each Council meeting
	Reserves held General and Earmarked.	General Reserve £ 6078.07 Earmarked reserves : £19358.49 Asset replacement £1000 Closed Churchyard £3500 Street Lighting £3000 Election 1000 Clive Memorial £2474.99 Neighbourhood Plan £500 Neighbourhood Plan grants £7883.50 Comment: Although the total is the same, the breakdown of reserves is different on the report to the auditor and the statement of accounts for year ending 31/3/2019.

6. Income controls	Is income properly recorded and promptly banked?	Income is recorded in the cashbook and promptly banked however please see note below:
	Is income reported to full Council?	Partially – All income is recorded in the cashbook which is noted by Councillors at each meeting, however a sample spot check of receipts found items that had not been included in the minutes. Recommendation: Details of all credits received are included in the minutes
	Does the Precept recorded agree to the Council Tax Authority's notification?	The Precept recorded of £8,415 agrees to the Council Tax Authorities notification.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	No CIL funds have been received.
7. Petty Cash	Is a petty cash in operation? If so, is there an adequate control system in place.	There is no petty cash in operation.
8. Payroll controls	Do all employees have contracts of employment?	Yes - Contract of employment seen for S Ashton dated 28/11/17
	Are arrangements in place for authorising of the payroll and payments by the Council? Verifying the process for agreeing rates of pay to be applied.	All payroll payments are authorised by full Council. Council approved salary payments: 13.9.18 – SCP 20 and 13.3.19 approval of NJCLGC/NALC parish clerk pay scales
	Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	Yes – services contracted out to Ladywell Accountancy Services
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	The Council have completed a declaration of compliance with the Pensions Regulator under the Pensions Act 2008 with no staff being automatically enrolled into a pension scheme. Clerk has been advised in writing.

	Are other payments to employees reasonable and approved by the Council?	All payments to employees are reasonable, receipts provided for any expenses and approved by the Council.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	Evidence seen of an asset register with assets to the value of £3243.00
	Verifying that the Asset Register is reviewed annually	The asset register was minuted as reviewed on 10.5.18
	Cross checking of Insurance cover	Items from the asset register were cross checked against the items declared under insurance and were found to be in order but the following item was insured but not listed on the Council's asset register: BT box insured for £3,000 Recommendation : It is assumed that items insured by the Council are owned by them and they should therefore be included on the asset register.
10. Bank reconciliation	Regularly completed and reconciled with cash book	Bank reconciliations are completed quarterly, reconciled with cashbook and noted by Councillors.
	Confirm bank balances agree with bank statements	Bank balances agree with bank statements.
	Regular reporting of bank balances at council meetings	There is no evidence of reporting of bank balances at Council meetings, however 2 Councillors have signed all bank reconciliations with bank statements attached. Recommendation: It is good practise to minute the funds in each account to provide evidence that Councillors are aware of the balances.
11. Year-end procedures	Appropriate accounting procedures used	Receipts and Payments
	Financial trail from records to presented accounts	A spot check of payments to bank statements, cheque books, cashbook, invoices and minutes was found to be in order.
	Has the appropriate end of year AGAR documents been completed?	Yes – The Certificate of Exemption AGAR part 2, Section 1 The Annual Governance Statement and Section 2 The Accounting Statement have all been completed.

		<p>Recommendation: The following information on the AGAR Accounting Statement is incorrect: Staff costs in box 4 include mileage, this should be deducted from the figure. The figure in box 9 for total fixed assets carried forward from 31/3/2018 is incorrect and should be changed to £2937 If the BT box (included on the insurance) is the property of the Council, this should be included in the asset register.</p>
	Where an authority certified itself exempt in 2017/18, did it met the exemption criteria and correctly declared itself exempt?	Exemption status minuted 14.3.19 . The exemption criteria of the higher of gross income (£13,887) or gross expenditure (£9995) being £25,000 or less, has been met.
	Was there the opportunity provided for the exercise of electors' rights?	Opportunity was provided for the exercise of elector's rights from 14/6/18 to 13/7/18
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The Council has fully met the publication requirements for the Audit and Accounts Regulations 2015 by publishing: Certificate of Exemption Internal Audit Report Section 1 Annual Governance Statement Section 2 accounting statements Analysis of variances, Bank reconciliation Notice of the period for the exercise of public rights.
12.Internal audit for the year ending 31 March 2018	Verifying that the previous internal audit reports have been considered by the Council	The previous internal audit report was reviewed by full Council 12.7.18
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit :	The audit plan was considered by the Council on 12.7.18 and 14.3.19
	Risk Assessment should be reviewed during each financial year and General Data Protection Regulations should form part of the Council's Risk Assessment	Risk assessment has been reviewed during the financial year and the Council are working towards compliance with the General Data Protection Regulations

	Confirmation of appointment of Internal Auditor	SALC have been appointed as the internal auditor 8.11.18
13.External audit for the year ending 31 March 2018	Verifying that the external audit report has been considered by the Council	N/A
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	N/A
14. Additional Comments	Annual meeting - held in accordance with legislation	The Council's AGM was held on 10.5.18 with the first item on the agenda being the election of the Chairman.
	Correct identification of trustee responsibilities	N/A
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	The Council's obligations to publish items on a public website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities have been met.
	Verifying that the council is registered with the ICO	The Council is registered with the ICO and payment approved 12.7.18 ref ZA124645
	Verifying that the Council is compliant with the General Data Protection Regulation requirements	The Council is partially compliant with the General Data Protection Regulations having published a Privacy Notice on its website. Recommendation: Council should publish the following items on their website: <ul style="list-style-type: none"> • Audit / Impact Assessment • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data retention and disposal policies

Signed.....

Date of Internal Audit Visit

Date of Internal Audit Report.....

On behalf of Suffolk Association of Local Councils