



Internal Audit Report
Year ending: 31st March 2018

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| Name of Council: | Ufford Parish Council |
| Income: | £39,798.30 |
| Expenditure: | £45,621.91 |
| Precept Figure: | £17,700.00 |
| General Reserve: | £13,029.45 |
| Earmarked Reserves: | £16,705.51 |



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 particular 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 |
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| 1. Proper Book-keeping | Type of cash book or ledger used | Cashbook spreadsheets are computerised. |
| | Cash book kept up to date and regularly verified against bank statement | The Cashbook is kept up to date and well referenced and provides an effective tool for the recording of all financial transactions which, in conjunction with the relevant supporting paperwork, provides good evidence to support the Council's underlying accounting statements. |
| | Correct arithmetic and balancing | Spot checks were carried out and the cashbook was found to be in order. |
| 2. Financial Regulations & Standing Orders | Evidence that standing orders have been adopted and reviewed regularly | <p>Standing Orders dated 18th October 2016 were submitted at the time of audit. These were adopted at a full Parish Council meeting held on 15th September 2017.</p> <p>It is noted that Standing Order 3I has been deleted. Council should be aware that this particular Standing Order should have been retained and incorporated or made reference to the Public Bodies (Admission to Meetings) Act 1960 as it contained details on the right to report at council and committee meetings.</p> <p>Recommendation: during the Council's annual review of its Standing Orders, Council should bear in mind that new Model Standing Orders have been produced by NALC and take into account changes in legislation since those produced in 2013 - L04-18 Model Standing Orders refers and should ensure that such amendments, as covered by legislation, are incorporated.</p> |
| | Evidence that Financial Regulations have been adopted and reviewed regularly | Financial Regulations dated 17 th October 2017 were submitted at the time of audit. These were adopted at a full Parish Council meeting held on 15 th September 2017. |

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| | | Recommendation: during the Council's annual review of its Financial Regulations, Council should consider incorporating the changes in procurement values for contracting authorities as per the 2015 Regulations. Council should ensure that Financial Regulations reflect the thresholds as set by Article 4 of the Public Contracts Directive (Regulation 5(1) of the 2015 Regulations) - LTN 87 refers. |
| | Evidence that a Responsible Financial Officer has been appointed with specific duties | It is confirmed that the Contract of Employment for the Clerk to the Council states the post holder is also the Responsible Financial Officer. |
| | 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 sample of payments were examined and found to be in order with a full audit trail evidenced. |
| | CiL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010. | In accordance with the regulations, the Parish Council having received a proportion of CIL funds has complied with its duty to produce an annual report that details the amount of CIL funds received and spent. This has been published on the Parish Council's website and shows receipts for the period of 1 st April 2017 to 31 st March 2018 of £378.68. |
| | VAT correctly identified and reclaimed within time limits | VAT is identified in the cash book and reclaims are carried out on a regular basis. VAT claim for the following periods noted: VAT claim 01.11.17 to 31.01.18 in the sum of £263.93 was repaid by HM Revenue & Customs on 08.02.18 VAT claim 01.08.17 to 31.10.17 in the sum of £634.57 was repaid by HM Revenue & Customs on 22.11.17 VAT claim 01.05.17 to 31.07.17 in the sum of £4089.35 was repaid by HM Revenue & Customs on 18.08.17 VAT claim 01.02.17 to 30.04.17 in the sum of £1743.64 was repaid by HM Revenue & Customs on 25.05.17 |

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| | Legal powers identified in minutes and/or cashbook. | The legal powers identifying the Parish Council's authority to spend is evidenced in the cashbooks provided at time of audit. The Responsible Financial Officer, by ensuring that the legal powers for all financial decisions or payments being made are in accordance with statute, ensures that Council does not undertake any decisions or payments that are ultra vires. |
| | S137 separately recorded, minuted and within statutory limits | Details of grants to Village Organisations under S137 are clearly referenced in the cashbook and provided as a summary in the Council's Year End Accounting Statements. The Responsible Financial Officer provides clear details as to the statutory limit for such expenditure and as such ensures that the exercise of this legal power is carried out reasonably. |
| | 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. | Council reviewed its Risk Register (Financial March 2018 and its Risk Register (Non Financial) March 2018 at its meeting of 20 th March 2018 both of which identify and assess the risks associated with its actions and decisions being taken by the Council. |
| | Evidence that risks are being identified and managed. | Council has implemented a number of controls to ensure that appropriate measures are in place to mitigate and manage identified risks. |
| | Appropriate Insurance cover in place for employment, public liability and fidelity guarantee. | Appropriate Insurance cover is in place Employers Liability £10m Public Liability £10m Fidelity Guarantee £150K |
| | Evidence that insurance is adequate and has been reviewed on an annual basis | Council reviewed its Annual Insurance in terms of cover provided at full Council meeting of 5 th June 2017. |

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| | Evidence that internal controls are documented and regularly reviewed | In accordance with the Accounts and Audit Regulations 2015, Council reviewed the effectiveness of the system of internal control at its meeting of 20 th February 2018 and deemed it to be appropriate with no further measures necessary. |
| | 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, Council reviewed the scope of Internal Audit at its meeting of 20 th February 2018 and deemed it to be appropriate for the Parish Council. |
| 5. Budgetary controls | Verifying that the budget has been properly prepared, and agreed | The Budget for the year 2017-2018 in the sum of £18,900 was agreed in full Council at a meeting of 15 th November 2016. Budget papers to support the budget being set were seen and minuted. |
| | Verifying that the Precept amount has been agreed in full Council and clearly minuted | The Precept in the sum of £17,000 was also agreed at the same meeting with the amount being clearly minuted. |
| | Regular reporting of expenditure and variances from budget | In accordance with Council's own Standing Orders, monthly accounts are circulated to all and discussed at each full Council meeting. |
| | Reserves held General and Earmarked. | Council's final accounts show general reserves in the sum of £13,029 (rounded) and earmarked reserves of £16,706 (rounded). The Reserves held by the Parish Council at the year-end were appropriate to its needs with sufficient reserves being held as contingency sums to meet, within reason, any unforeseen items of expense that may occur. |

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| 6. Income controls | Is income properly recorded and promptly banked? | Income is promptly banked and reported at each meeting. |
| | Verifying that the Precept recorded agrees to the Council Tax Authority's notification | Evidence was provided showing a full audit trail from Precept being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the Council's Bank Accounts. |
| 7. Petty Cash | Is a petty cash in operation? | Council does not operate a petty cash system |
| 8. Payroll controls | Do all employees have contracts of employment? | The Clerk's Contract of Employment was verified at the Annual Internal Audit as carried out on 22 nd April 2018 |
| | Do salary payments include deductions for PAYE/NIC? | PAYE is operated in accordance with HM Revenue and Customs guidelines. |
| | Is PAYE/NIC paid promptly to HMRC | PAYE is paid to HM Revenue and Customs in accordance with the agreed timescales. |
| | Is there evidence that the Council is aware of its pension responsibilities | Council is aware of its pension responsibilities and has entered the Clerk into the SCC (Local Government) Pension Scheme effective 1 st April 2017. |
| | Are other payments to employees reasonable and approved by the Council | Council operates a reasonable expense policy which ensures all expenses are approved by the Council in accordance with its Financial Regulations. |
| 9. Asset control | Verifying the Council maintains an Asset Register in accordance with proper practises | The Asset & Responsibility Register is maintained in accordance with proper practises and covers the fixed assets owned by the Council. Council has assets recorded as totalling £113,011 which shows movement through the year of £18,866. |
| | Verifying that the Asset Register is reviewed annually | The Asset Register has been reviewed regularly throughout the year with the Asset Register being formally approved by full Council at its meeting of 20 th February 2018 as an accurate record of the assets held by the Council. |

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| | Cross checking of Insurance cover | The Asset Register was reviewed against items under insurance by Council at its meeting of 20 th February 2018. Agreement was forthcoming for the Asset Register (Insurance Purposes) to be send to the Council's Insurers Came and Co. |
| 10.Bank reconciliation | Regularly completed, reconciled with cash book | Regular bank reconciliations are carried out and independently verified. |
| | Confirm bank balances agree with bank statements | The year- end bank statements agree with the cash-book reconciliation: Lloyds Treasurer Account: £13,456.02 Lloyds - PlayPark Account: £16,705.51 Unpresented Cheques: £426.57 Barclays Community Account £7847.24 |
| 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 receipts and payments are listed in the Council's Minutes as part of the smaller authority's financial control. |
| | Has the appropriate end of year Annual Governance and Accountability (AGAR) document been completed | As Council is a smaller authority with gross income and expenditure exceeding £25,000 but not exceeding £6.5 million, it has completed Part 3 of the AGAR. The smaller authority has completed Pages 4 and 5 of the AGAR which are unsigned at time of audit awaiting presentation to full Council. The Internal Auditor has completed the relevant page of this form. |
| 12.Recommendations from previous internal | Verifying that the previous internal audit reports have been considered by the Council | Council considered and accepted the Annual Internal Audit Report at its meeting of 18 th April 2017. |

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| audit for the year ending 31 March 2017 | Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit | There were no matters arising from the Internal Audit Report. |
| | Appointment of Internal Auditor | Suffolk Association of Local Councils was appointed as the Internal Auditor for the year ending 31st March 2018 at the meeting of 16 th May 2017. |
| 13. Recommendations from previous external audit for the year ending 31 March 2017 | Verifying that the external audit report has been considered by the Council | <p>Whilst the External Audit Report had been received in September 2017, Council only formally considered the Report at its meeting of 20th February 2018. The meeting was informed that a copy of the report had been uploaded onto the web pages.</p> <p><i>Comment: Council should be aware that under the Accounts and Audit Regulations 2015, the Audit Certificate must be published, (including publication on the parish council's website) not later than 30 September along with the Annual Governance Statement and the Statement of Accounts.</i></p> |
| | Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit | <p>In the Audit for the year ended 31st March 2017, the External Auditor issued an Issues Arising Report which stated that the annual return as submitted had not been prepared in accordance with legislation or proper practised and required amendment.</p> <p><i>Comment: where such reports are issued, Council should ensure that it has considered all matters brought to its attention and taken corrective action as appropriate. The consideration and decisions should be included in formal minutes.</i></p> |
| 14. Additional Comments | Annual meeting | The Annual Meeting was held on 16 th May 2017 with the Election of the Chair being the first item on the agenda in accordance with the 1972 Act. |
| | Any trustee responsibilities | The Parish Council does not act as sole trustee for any Trust Funds. |

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| | Publication Requirements | <p>The Council complied with the requirements of the Accounts and Audit Regulations 2015 and published the following on its website:</p> <p>Section 1 - Annual Governance Statement 2016/17 Section 2 - Accounting Statements 2016/17 Section 3 - The External Auditor Report and Certificate 2016/17 Section 4 - Internal Auditor Report 2016/17 Notice of the period for the exercise of public rights and other information required by Regulation 15(2) Accounts and Audit Regulations 2015.</p> |
| | Verifying that the council is registered with the ICO | 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. ZA 056410 refers. |
| | Verifying that the Council is making progress towards meeting the General Data Protection Regulation requirements | Council is aware of GDPR requirements and is taking steps towards ensuring compliance. |

Signed.....

Date of Internal Audit Visit 22nd April 2018

Date of Internal Audit Report 22nd April 2018

On behalf of Suffolk Association of Local Councils