

Internal Audit Report
Year ending: 31st March 2020

Name of Council:	Walberswick Parish Council
Income:	£49,001.32
Expenditure:	£37,485.27
Precept Figure:	£27,000
General Reserve:	£6,288.38
Earmarked Reserves:	£34,691.89

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	The Cashbook is maintained on a spreadsheet and is very well referenced and facilitates an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. VAT payments are tracked and identified within the Cashbook.
	Cash book kept up to date and regularly verified against bank statement	The cashbook is regularly updated to 31/3/20.
	Correct arithmetic and balancing	Arithmetic and balancing were in order.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	The Council reviewed their up to date NALC model Standing Orders, as part of the Council's good governance arrangements and found them to be in order. This was minuted on 13/5/19. Annual review of Standing Orders is also included in the Internal Control Document.
	Evidence that Financial Regulations have been adopted and reviewed regularly	The Council reviewed their up to date NALC model Financial Regulations at their meeting on 13/5/19. The regulations were amended in January 2020 to include the introduction of on-line banking arrangements The annual review of their Financial Regulations is also included in the Internal Control document.
	Evidence that a Responsible Financial Officer has been appointed with specific duties	Simon Ashton has been appointed as the Responsible Financial Officer for this audit year.
	Evidence that Financial Regulations have been tailored to the Council	The 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. Invoices were unsigned but a list of payments made at each meeting is signed by the Chair, in accordance with their Financial Regulations 5.2

	Internet Banking transactions properly recorded/approved	The Council are using on-line banking following a resolution of the Council in January 2020. Financial Regulations were amended to reflect this decision in January 2020.
	VAT correctly identified and reclaimed within time limits	VAT is identified in the cashbook and evidence seen of reclaim for 18/19 of £1538.26
	Has Council adopted the General Power of Competence and is it being correctly applied?	The Council has not adopted the General Power of Competence.
	S137 separately recorded, minuted and within statutory limits	No payments were made under Local Government Act Section 137 in this financial year.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	The Council does not have any loans.
4. Risk Management	Is there evidence of risk assessment documentation?	The audit review confirmed that the assessments provide a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified.
	Evidence that risks are being identified and managed.	The Council considered their risk assessments at their meeting on 9/3/19. The Council is responsible for playground equipment and has arranged for independent inspections through RoSPA. Items are reviewed throughout the year which includes acting on items raised in the playground inspection report. This was minuted on 9/12/19.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Appropriate insurance cover is in place including £100,000 of Fidelity Insurance cover which is in line with the recommended guidelines. Assets are covered under an 'all risks' policy up to £100,000. Both Public Liability and Employers Liability cover of £10 million are in place.
	Evidence that insurance is adequate and has been reviewed on an annual basis	Regular reviews of the adequacy of insurance is included in the risk assessment documentation. The Council minuted that the insurance policy had been reviewed and approved, being the first year of a 3 year term.
	Evidence that internal controls are documented and regularly reviewed	The Internal Audit work undertaken confirmed that during the 2019/20 year the Council maintained effective governance arrangements including a robust framework of financial

		administration and internal control. The internal control document was minuted as adopted by the Council in January 2020. A review of the internal control checklist was undertaken 9/9/19 and the checklist was also updated 10/1/20.
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	The Accounts and Audit Regulations require the authority to conduct each financial year a review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement. This has been completed, however there is no specific reference to a review of the effectiveness of the internal audit. Comment: Council may wish to include in their internal control document the review of the effectiveness of the internal audit during the audit year and include this in the minutes.
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	Examination of the accounts and supporting documentation for the period under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates were used effectively for financial control and budgetary control purposes to support the precept.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The precept was agreed in full Council and the precept decision and amount of £27,000 have been clearly minuted at their meeting on 14/1/19.
	Regular reporting of expenditure and variances from budget	A budget report showing period and year-to-date variances and bank account movement is supplied on a monthly basis to full Council in accordance with Council's Standing Orders. This information is also published on the Council's website.
	Reserves held General and Earmarked.	Council's final accounts show general reserves in the sum of £6,288.38 with earmarked reserves in the sum of £34,691.89.
6. Income controls	Is income properly recorded and promptly banked?	Income is entered into the cashbook on the date of receipt and banked in accordance with the Council's financial procedures.

	Is income reported to full Council?	Details of all income received by the Council is included in the monthly bank reconciliations which are approved by the Council at each meeting and published on the website.
	Does the Precept recorded agree to the Council Tax Authority's notification?	The precept recorded of £27,000 agrees with the Council Tax Authority's Notification.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	Proper practices in respect of any CIL receipts have been correctly applied including the special reporting requirements. Records show the date and amount of CIL receipts and account for expenditure on a 'first in, first out' basis. CIL and any grants received that are unspent at the year-end are taken to an earmarked reserve.
	<ul style="list-style-type: none"> • Is CIL income reported to Council? • Does unspent CIL income form part of Earmarked reserves? • Has an annual report been produced • Has it been published on the authority's website 	CIL income is reported to Council and clearly minuted.
		An annual report is produced showing receipts retained from 18/19, total receipts for 19/20, payments for 19/20, payments retained from previous years, receipts retained from 19/20 and total receipts carried forward. This is published on the Council's website.
7. Petty Cash	Is a petty cash in operation?	A system for petty cash is not in operation.
	If so, is there an adequate control system in place.	N/A
8. Payroll controls	Do all employees have contracts of employment?	The internal control document confirms that contracts of employment are regularly checked and in place for employees. Contracts were not supplied for the internal audit.
	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. Invoices for Clerk and RFO are approved by Council on a monthly basis.
	Verifying the process for agreeing rates of pay to be applied.	

	Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	Regular payments have been made to HMRC and detailed pay slips are produced.
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	It was noted in the internal audit 18/19 that Council is aware of its pension responsibilities and no pensions are offered to either the Clerk or the RFO as both salaries are below the regulatory limit.
	Are other payments to employees reasonable and approved by the Council?	Other payments to employees are reasonable and approved by the Council.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are displayed at original purchase cost or, where the original purchase price is unknown, at a nominal/community value. The total value of £52,152 has been correctly entered into Box 9 of Section 2 of the AGAR (Annual Return).
	Verifying that the Asset Register is reviewed annually	The asset register is fully reviewed annually on 13/5/19 and is updated throughout the year.
	Cross checking of Insurance cover	The adequacy of the insurance cover was confirmed and minuted on 13/5/19.
10. Bank reconciliation	Regularly completed and reconciled with cash book	Statements reconciling each of the authority's bank accounts with its accounting records are prepared on a regular basis, including at the financial year-end and reviewed by members of the authority on a monthly basis.
	Confirm bank balances agree with bank statements cc	The Lloyds bank balance of £41,040.27 agrees with the annual bank reconciliation.
	Regular reporting of bank balances at council meetings	Bank balances are reported at monthly council meetings.

11. Year-end procedures	Appropriate accounting procedures used	The receipts and payments method of accounting was used.
	Financial trail from records to presented accounts	A financial trail from records to presented accounts was evidenced.
	Has the appropriate end of year AGAR documents been completed?	Section 1 The Annual Governance Statement and Section 2 The Accounting Statement have been completed.
	Where an authority certified itself exempt in 2018/19, did it met the exemption criteria and correctly declared itself exempt?	N/A
	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 authority correctly provided for the exercise of public rights from 17/6/19 to 26/7/19, as required by the Accounts and Audit Regulations.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The authority has met the publication requirements in accordance with the Audit and Accounts Regulations of 2015 by publishing the following information on their website: <ul style="list-style-type: none"> • Annual Internal Audit Report 2017/18, page 4 • Section 1 – Annual Governance Statement 2017/18, page 5 • Section 2 – Accounting Statements 2017/18, page 6 • Analysis of variances • Bank reconciliation • Notice of the period for 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 previous internal audit report was considered by the Council on 16/6/19.

	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	Comments made by the internal auditor are being dealt with under an audit plan.
	Confirmation of appointment of Internal Auditor	SALC was appointed as the internal auditor.
13.External audit for the year ending 31 March 2019	Verifying that the external audit report has been considered by the Council	The external audit report was considered by the Council at their meetings on 10/6/19 and 14/10/19.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	No items were raised by the external auditor.
14. Additional Comments	Annual meeting - held in accordance with legislation	The annual meeting of the council was held on 13/5/19. The election of Chair was the 2 nd item on the agenda as the 1 st item related to the retiring Clerk being presented with a gift. Comment: The first item on the agenda for the Council's AGM should be the election of the Chair.
	Correct identification of trustee responsibilities	The Council does not have trustee responsibilities.
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	The Council complies with the applicable Transparency Code by publishing the following items on the website: End of Year Accounts Annual Governance Statement Internal Audit Report List of Councillors and Responsibilities Minutes and Agendas of Meetings Asset Register Items of Expenditure Above £100
	Verifying that the council is registered with the ICO	The Council is registered with the ICO under reference ZA437200.
	Verifying that the Council is compliant with the General Data Protection Regulation requirements Are the following in place: <ul style="list-style-type: none"> • Audit / Impact Assessment • Privacy Notices 	The Council is aware of its responsibilities under the General Data Protection Regulations and has adopted and published the following policies on their website: Privacy, Data Protection and Information Security and procedures for dealing with Subject Access Requests. A policy

	<ul style="list-style-type: none"> • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies 	<p>review schedule was discussed on 14/1/20 and GDPR compliance is included in the internal control document. Comment: Council may wish to consider adopting policies relating to Audit/Impact Assessment, Data Breaches and Date Retention and Disposal.</p>
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Signed.....*Linda Harley*.....

Date of Internal Audit Visit10/6/20.....

Date of Internal Audit Report.....10/6/20.....

On behalf of Suffolk Association of Local Councils