

Internal Audit Report
Year ending: 31st March 2017

Name of Council:	Walberswick Parish Council
Income:	£11,236.89
Expenditure:	£18,130.00
Precept figure:	£8,000
General Reserve:	£11,938.01
Farmarked Reserves:	None identified at the year-end

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used.	Spreadsheets seen for payments and receipts.
	Cash book kept up to date and regularly verified against bank statement.	All were found to be in order.
	Correct arithmetic and balancing.	Test-checks were undertaken and found to be in order.
2. Payment controls	Supporting paperwork for payments, and appropriate authorisation.	A random sample of payments were checked against cheque book, Cash book, bank statement and invoices and found to be in order.
	S137 separately recorded and minuted.	None made for the year under review.
	VAT identified and reclaimed.	VAT re-claim of £416.71 for the period 16 October 2014 to 31 October 2016 was submitted to HMRC and received at bank on 17 February 2017. VAT is separately identified within the Cashbook to assist subsequent claims to HMRC.
3. Financial Regulations, Standing Orders	Are payments of interest & principal sums in respect of loans in accordance with agreements?	There were none for the year under review.
	Legal Powers identified in minutes and/or cashbook?	The Internal Audit report for 2015/16 recommended that reference is made in the Minutes or in the Cashbook to the legal powers under which payments are made. This remains outstanding.
3. Financial Regulations, Standing Orders	Evidence that standing orders have been adopted and reviewed regularly.	Standing Orders were reviewed and adopted by the Council at its meeting on 22 August 2016. It was noted that the Standing Orders item 18 'Financial Controls and Procurement' refers to the Public Contract Regulations 2006 (at section f) which have since been replaced by the Public Contract Regulations 2015.

	<p>Evidence that Financial Regulations have been adopted and reviewed regularly. Evidence that Financial Regulations have been tailored to the Council.</p>	<p>Financial Regulations were reviewed and adopted by the Council at its meeting on 22 August 2016 and meets the Council's requirements.</p>	<p>Recommendation: The Council's Standing Orders should be up-dated during 2017/18 to include reference to the Public Contract Regulations 2015.</p>
4. Petty cash/expenses procedure	<p>Established system in place, and associated supporting documents</p>	<p>No petty cash held. An expenses system is in place.</p>	
5. Risk management	<p>Evidence that risks are being identified and managed.</p> <p>Appropriate Insurance cover for employment, public liability and fidelity guarantee.</p>	<p>The Council considered and adopted the Risk Analysis at the meeting held on 23 November 2016.</p> <p>Insurance was in place during the year of account. Public Liability cover is in place. Employee Dishonesty (Fidelity Guarantee) cover is £25,000, which meets the current guidelines of end of year balances plus 50% of precept.</p>	
6. Budgetary controls	<p>Verifying that the budget has been properly prepared, and agreed.</p>	<p>As the Council was inquorate and without a Clerk/RFO for much of 2015/16 a budget for 2016/17 was not set and the precept defaulted to the previous year.</p> <p>At the meeting on 23 November 2016 the RFO prepared a forecast for the remainder of 2016/17 based on spending to date during 2016/17 and anticipated income and expenditure for remaining part of the year. The Council accepted the proposed budget and set a precept of £12,000 for 2017/18.</p>	
	<p>Regular reporting of expenditure and variances from budget.</p>	<p>Financial reports are presented to each meeting of the Council by the Clerk/RFO.</p>	

7. Income controls	Monitoring of precept and any other Income.	The Council received the Precept in the sum of £8000. Routine reports of income received are presented to the Council by the Clerk/RFO.
	Reserves:	General Reserves at year-end: £11,938.01.
8. Payroll controls	Salary payments include deductions for PAYE/NIC. PAYE/NIC paid promptly to HMRC.	The payroll in 2016/17 was operated by SALC. The Council is registered with HMRC and PAYE was in force in respect of Mrs Karen Forster (who left on 17 January 2017). The P45 Details of Employee Leaving Certificate relating to Mrs Forster was presented to Internal Audit. Mrs Mary Mitson-Woods was formally confirmed as the Council's Clerk and RFO at the meeting on 6 March 2017.
	Evidence that Council is aware of its pension responsibilities.	Under workplace pensions legislation, the Council will have pension duties for its employees. Information can be found on the pension regulator website : http://www.thepensionregulator.gov.uk/
9. Asset control	Inspection of Asset register.	The Asset Register displays a total value of £74,191 as at 31 March 2017 and reflects the acquisition of two play boats in the year of account.
	Asset register reviewed annually.	The Asset Register was reviewed by the Council at its meeting on 23 November 2016.
	Cross checking of Insurance cover.	A cross check of items on the Asset Register with the insurance document was carried out on a test check basis and found to be in order. An Annual Play Inspection was carried out in the year and reports made to Council (meeting on 23 November 2016 refers).

<p>10. Bank reconciliation</p>	<p>Regularly completed, reconciled with cash book.</p> <p>Confirm bank balances agree with bank statements.</p> <p>Regular reporting of bank balances at council meetings?</p>	<p>The Bank Reconciliation as at 31 March 2017 was confirmed.</p> <p>Lloyds Treasurers Account as at 31 March 2017: £10,554.67 Less unrepresented cheques: £1,116.66 Plus unbanked grant: £2,500.00</p> <p>Financial reports are presented to each Council meeting by the Clerk/RFO.</p>
<p>11. Year-end procedures</p>	<p>Appropriate accounting procedures used. Financial trail from records to presented accounts.</p>	<p>Receipts and Payments method of accounting is in use and an audit trail is in place. Bank balances agree with year-end statements.</p>
<p>12. Annual return</p>	<p>Completion of sections of Annual return.</p>	<p>Sections 1 and 2 are completed (other than a Minute reference to be added to Section 1).</p> <p>Section 4 has been completed by the Internal Auditor.</p>
<p>13. Review internal controls</p>	<p>Date review completed.</p> <p>Previous internal and external reports minuted and considered by Council</p>	<p>An Internal Control Policy and Checklist document was presented to Council at its meeting on 6 March 2017.</p> <p>The Internal Audit report for the year 2015/16 was presented to Council at its meeting on 22 August 2016, when the Council agreed that an Action Plan should be drawn up to address the items identified in the report.</p> <p>The External Audit Conclusion of Audit report for the year 2015/16 and the Issues Arising Report were considered by the Council at its meeting on 6 March 2017.</p>

14. Recommendations from previous internal audit of 31 March 2016		
	<ol style="list-style-type: none"> 1. The Council can recover VAT paid. 2. A reference as to the power being used should be identified in either the Minutes or Cashbook. 3. Standing Orders and Financial Regulations should be adopted. 4. The council completes and reviews annually a Risk Assessment. 5. Undertake a proper budgeting exercise and review regularly during the year and report Income/expenditure against budget. 6. Reserves can be split out between restricted (capital) reserves, earmarked reserves and general reserves. 7. Rework the asset register to display description, location, date acquired and value and acquisitions and disposals. 8. Review of the effectiveness of the system of Internal control and Minute the review. 9. Minute pages must be consecutively numbered and initialled by the person signing the Minutes at the time of signature. 	<ol style="list-style-type: none"> 1. VAT re-claim of £416.71 for the period 16 October 2014 to 31 October 2016 submitted to HMRC and received at bank on 17 February 2017. 2. Remains outstanding. 3. Completed. 4. Completed in the year 2016/17. 5. Currently being addressed; detailed financial reports are being presented to Council. 6. Split not identified by Internal Audit; yet to be formalised. 7. Details now displayed in Asset Register other than the location of the assets. 8. Completed in the year 2016/17. 9. Now being addressed.

	The construction of an Action Plan was agreed by the Council on 22 August 2016.	
15. Additional comments	Annual meeting:	The Annual Meeting took place on 16 May 2016, within the required time-scale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
	Appointment of internal auditor:	SALC appointed as the Council's Internal Auditors for 2016/17 at the meeting on 6 March 2017.
	Any trustee responsibilities:	None
	Arrangements in place for the public inspection of council's records:	Note re period for the exercise of public rights: Period for the exercise of public rights is 30 working days. These 30 working days must include the first 10 working days in July (Regulation 14 and 15 of the Accounts and Audit Accountability 2015).
	Is the council registered with the ICO?:	Yes, Registration ZA099179, expiring 11 February 2018 refers.
	Transparency Code:	The Clerk/RFO is aware of the requirements of the Code.

Trevor Brown

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On behalf of Suffolk Association of Local Councils

Date 14 June 2017