

Internal Audit Report Year ending: 31st March 2016

Name of Council:	Chelmondiston
Income:	£32,945.54
Expenditure:	£29,730.39
Precept figure:	£24,430.00
General Reserve:	£41,624.95
Earmarked Reserves:	£14,705.00

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used.	Spreadsheets kept for receipts and payments. All were found to be in order.
	Cash book kept up to date and regularly verified against bank statement.	All were found to be in order.
	Correct arithmetic and balancing.	Spot checks were made and found to be in order.
	Supporting paperwork for payments, and appropriate authorisation.	12 payments were selected and were cross checked against cheque book, cash book, bank statement, invoice and minutes. All were found to be correctly recorded, paid and approved by the council. <i>See comment regarding powers used</i>
2 Payment controls	S137 separately recorded and minuted.	Payments made using this power were found to be in order and identified separately
	Does the council use General Power of Competence.	No
	VAT is identified and reclaimed	Claim for £1425.10 submitted and repaid for period 03.02.15 to 17.01.16. £205.74 still to be reclaimed for year ending 31.03.2016
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements.	None for period under review
	Legal Powers identified in minutes and/or cashbook?	No reference is made to the legal powers, other than S137 of the 1972 Act, under which payments are made. Recommendation: to ensure that all payments made are within its powers and that it is not acting outside of its legal power, a reference as to the power being used by

		the Council to incur expenditure should be identified in either the minutes or the cashbook.
3. Financial Regulations, Standing Orders	Evidence that standing orders have been adopted and reviewed regularly.	Standing Orders were reviewed and adopted 03 rd March 2015 – 15b refers Noted that standing orders are to be reviewed/adopted with reference to the NALC Legal Briefing L05-15 at a meeting in June 2016
	Evidence that Financial Regulations have been adopted and revived regularly.	Financial Regulations with reference to NALC Financial Briefing F01E-16 were adopted/amended by full Council at a meeting held on 1 st March 2016
	Evidence that Financial Regulations have been tailored to the Council.	Financial Regulations have been tailored to the Council.
4. Petty cash/expenses procedure	Established system in place, and associated supporting documents	No petty cash is held although it was noted that a cash float for Skip Days (Household Recycling Centre) of £14.00 was held at year end. Satisfactory expense system is in place and expenses are authorised by Council
5. Risk management	Evidence that risks are being identified and managed. Internal financial controls documented and minuted.	Council discussed and ratified the Annual Statement of Internal Control at its meeting of 1 st March 2016. The Finance Management Risk Assessment as advised by the Advisory Finance Group was considered and approved at Full Council Meeting of 1 st December 2015
	Appropriate Insurance cover for employment, public liability and fidelity guarantee.	All were found to be in order. Fidelity guarantee insurance (Employee Dishonesty - Zurich Municipal) stated at £100,000 which meets recommended guidelines of year end balances plus 50% of precept
4. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	All were found to be in order and budget was reviewed and agreed at meeting of 6 th January 2015.

	Regular reporting of expenditure and variances from budget.	A financial summary is produced at each monthly meeting detailing income received, expenditure and bank balances.
		In accordance with Council's Standing Orders 17c a 3 budget report was produced and considered at Parish Council Meetings.
6. Income controls	Monitoring of precept and any other Income.	The council received precept of £24430 and council tax grant scheme of £1221.50 All income is reported as part of the financial summary submitted each month.
		A selection of income receipts and invoices raised were selected and cross checked against cash book, minutes and bank statement. All were found to be in order.
	Reserves:	General: £41,624.95 Earmarked:£14,705.00
		The general reserve figure is considered to be more than would be expected to be held by a smaller relevant body.
		Recommendation: that Council reviews its reserve position and ensures that reserves are appropriate to the budget being set and any future commitments. It is recommended that these are considered as part of its risk assessment procedures. Depending on the level of risk assessed there may be a requirement for higher or lower contingencies to be in place.
7. Payroll controls	Salary payments include deductions for PAYE/NIC. PAYE/NIC paid promptly to HMRC.	Evidence seen to support approval of salary payments and payment of PAYE.
	Evidence that Council is aware of it's pension responsibilities.	Council aware that under new legislation it will have pension duties for its employees. Noted that Council's staging date is 1 st June 2016 and that Council's preferred

		option would be the National Employment Savings Trust (NEST) pension.
8. Asset control	Inspection of Asset register.	Asset register seen for period ending 31 st March 2016
	Asset register reviewed annually.	Yes. Assets to the value of £426,805.99 Additions for the year noted: Table Tennis Table £579.16 Laptop Computer £599.93
	Cross checking of Insurance cover.	6 Items were crossed checked from asset register to insurance cover and found to be in order.
9. Bank reconciliation	Regularly completed, reconciled with cash book. Confirm bank balances agree with bank statements. Regular reporting of bank balances at council meetings?	Bank reconciliations are regularly completed and cash books reconcile with bank statements. Bank balances are reported within the financial report at each meeting. Year end bank balances: £56,329.95 Treasurer's Account: £882.19 (outstanding cheques to value of £72.50 confirmed) Cash Float: £14.00 Instant Acces Savings Account £55,433.76 Receipts and payments used. There is a clear underlying audit trail from records to presented accounts
10. Year-end procedures	Appropriate accounting procedures used. Income/Expenditure or Receipts/Payments. Financial trail from records to presented accounts.	
11. Annual return	Completion of sections of Annual return.	Sections 1 and 2 were completed at time of audit.
		Section 4 was completed by the internal auditor
12. Review internal controls	Date review completed.	Systems of internal controls reviewed by Advisory Finance Meeting in November 2015 and minuted at such at Full Council Meeting on 1 st December 2015.

	Previous internal and external reports minuted and considered by Council	Annual review of Internal Audit carried out and minuted at Full Council Meeting on 1 st December 2015 Internal Audit report for year ending 31 March 2015 was considered at a meeting of 2 nd June 2016 External Audit report for year ending 31 st March 2015 was considered at a meeting of 1 st September 2015. Noted external audit issued raised regarding Asset Register and values included.
13. Recommendations from previous internal audit – 31 March 2015.	Date reviewed and action plan agreed.	There were no recommendations made.
14. Additional comments	Annual meeting:	12 th May 2015
	Appointment of internal auditor:	Appointment of SALC as Internal Audit confirmed at meeting of full Council of 2 nd February 2016
	Any trustee responsibilities:	None
	Arrangements in place for the public inspection of council's records	<i>Note re period for the exercise of public rights:</i> 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). Noted Council's 30 Working Day Period for the Exercise of Public Rights Commences on 8 th June 2016
	Is the council registered with the ICO:	Yes – effective 1 st December 2015

Signed

Date

On behalf of Suffolk Association of Local Councils