

ST SAMPSON PARISH COUNCIL

INTERNAL AUDIT REPORT - FINANCIAL YEAR 2014-15

The Internal Audit has been undertaken with reference to Section 4 of the Annual Return 2014-15 and also appendix 9 of the publication *Governance and Accountability for Local Councils*. The Clerk Mrs Sue Blaxley is thanked for her assistance with the audit. The opinion formed during the Internal Audit is based on the evidence provided at audit in the form of documents, accounts, receipts, forms etc. in addition to consultation with the Clerk. No assumptions or speculation is made if evidence is not presented.

General – St Sampson Parish Council has had a change of Clerk during the financial year and it is understood there has been a hiatus between the resignation of the previous Clerk and appointment of the new Clerk. This has resulted in no direct handover or continuity that in itself has proved difficult, it is understood, for the new Clerk to assemble all the available documents.

It was noted that the previous external and internal reports have been considered by the Council in June 2014.

AREA COVERED	OBSERVATIONS	RECOMMENDATIONS
➤ Proper Accounting Records	<ul style="list-style-type: none"> ➤ Accounts are maintained on a spreadsheet. ➤ Testing revealed two errors in the cash book. <ol style="list-style-type: none"> 1. A cashbook entry denoted payment to the previous Clerk whereas the cheque stub payment relating to the entry was made payable to the Car Park Warden. 2. The CTS Grant and Precept had been entered together in the cash book and this was replicated in the annual return which would trigger a response from the external auditor. ➤ The Council operates two current bank accounts. 	<p>Recommend that the cash book is scrutinised and reviewed as part of the internal system of financial control programme.</p> <p>Recommend that the Precept and CTS grant are decoupled.</p> <p>Recommend review of the banking arrangements to ensure appropriateness of having two current accounts.</p>
➤ Financial Regulations met	➤ Standing Orders were last reviewed in 2009.	Recommend an annual review and minuted

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<ul style="list-style-type: none"> ➤ Payments supported by invoices ➤ Payments Approved ➤ VAT accounted for 	<ul style="list-style-type: none"> ➤ There is no evidence of Financial Regulations being adopted. ➤ Testing revealed no issues to report. ➤ Councillors initial invoices and cheque stub. ➤ Testing revealed no issues to report ➤ VAT appears to be in accord with the cash book but there is no evidence of VAT being reclaimed for the 2013-14 financial year. VAT also has to be reclaimed for the 2014-15 financial year. 	<p>Recommend the Council adopt a current model of Financial Regulations None None None Recommend that the VAT is reclaimed as soon as possible and the process also forms part of the internal system of financial control programme.</p>
<ul style="list-style-type: none"> ➤ Assessed Significant Risks ➤ Insurance Cover Adequate ➤ Reviewed Adequacy of controls 	<ul style="list-style-type: none"> ➤ No evidence presented of the Council adopting a system of assessing risk. ➤ Fidelity Insurance is £250k that is adequate. ➤ Public Liability Insurance is £10 million and adequate ➤ No evidence presented of the Council having a system of internal financial controls. 	<p>Recommend that the Council adopt and minute a process on assessing risk. None.</p> <p>Recommend that the Council produces, documents and implements the operation of internal controls.</p>
<ul style="list-style-type: none"> ➤ Annual precept resulted from adequate budgetary process ➤ Progress against budget was monitored ➤ Reserves appropriate 	<ul style="list-style-type: none"> ➤ Precept set and notified to Cornwall Council in November. ➤ No evidence that in-year progress of income/expenditure against budget is monitored and reported. ➤ Total reserves (C/F) is approx. 319% of 2014-15 gross expenditure which could trigger a response from the external auditor. 	<p>None</p> <p>Recommend that the layout of accounts in the cash book is amended to allow in year monitoring of performance against budget. Recommend Council review the level of reserves in relation to expected expenditure and risk</p>
<ul style="list-style-type: none"> ➤ Income was fully received 	<ul style="list-style-type: none"> ➤ Most income was derived from revenue generated by car park income. 	<p>None</p>

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<ul style="list-style-type: none"> ➤ Correct prices applied ➤ Recorded and promptly banked 	<ul style="list-style-type: none"> ➤ Limited testing of the audit trail produced by the Clerk from the car park meter indicator to amount banked revealed no issues. ➤ Limited testing revealed no issues 	<p>Recommend all charge prices are annually approved and minuted by Council None</p>
<ul style="list-style-type: none"> ➤ Petty Cash 		<p>NOT OPERATED</p>
<ul style="list-style-type: none"> ➤ Salaries and Allowances ➤ Allowances to members ➤ PAYE operated and applied 	<ul style="list-style-type: none"> ➤ The new Clerk is understood to be working with no contract or JD ➤ The Clerk is remunerated on submission of time sheet ➤ The Clerk’s remuneration and appointment has not been minuted. ➤ Allowance paid to Clerk ➤ None identified ➤ HMRC RTI applied ➤ No evidence presented at audit that the salary of the previous Clerk and an element of salary of the Car Park Warden has been submitted to HMRC (evidence that the last salary paid to the Car Park Warden has been submitted). ➤ No copies of P45’s available at audit ➤ P60 of the current Clerk was available ➤ Evidence produced by the Clerk from HMRC website appears to indicate penalties have been charged. 	<p>Recommend that the Clerk receives a contract and JD as soon as possible. Recommend that the Clerk’s remunerative spinal point and also any allowance/expense rate is annually minuted. None Recommend that the use of HMRC RTI forms part of the internal financial controls and that the current situation is reviewed by the Clerk.</p>
<ul style="list-style-type: none"> ➤ Asset Register complete accurate and maintained 	<ul style="list-style-type: none"> ➤ Asset register reviewed September 2014. 	<p>None</p>
<ul style="list-style-type: none"> ➤ Periodic and End of Year bank reconciliations were properly carried out 	<ul style="list-style-type: none"> ➤ Testing revealed of year reconciliation correct. ➤ No evidence observed in minutes or produced at audit of any periodic bank reconciliations. 	<p>None. Recommend that the layout in the cash book is amended to facilitate carrying out and minuting in-year bank reconciliations.</p>

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<ul style="list-style-type: none">➤ Accounting Statements prepared during the year are prepared on correct accounting basis➤ Agreed to Cash Book	<ul style="list-style-type: none">➤ Year-end accounts produced on receipts and payments and testing agreed with cash book.	None
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