

ST SAMPSON PARISH COUNCIL

INTERNAL AUDIT REPORT FINANCIAL YEAR 2016-17

TO THE MEMBERS OF ST SAMPSON PARISH COUNCIL

The Internal Audit is an independent, objective assurance function for the review of the control environment (risk management, internal controls and governance) within an organisation. The Internal Audit reviews and reports to the Council on the adequacy of the control environment to assist in ensuring that Council activities are conducted in a secure, efficient and well-ordered manner. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The scope of the audit covers the areas included on Part 4 of the Annual Return and the Transparency Code. Selective testing was carried out and the relevant policies, procedures and controls were reviewed. Reference is made to the Governance & Accountability for Smaller Authorities in England' (1st April 2016).

The Clerk Mrs Sue Blaxley is thanked for her assistance and co-operation during the course of the audit. This report should give the Council reasonable assurance that its internal controls are working satisfactorily. However, the matters raised in this report are those that were identified during the internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. In giving the internal audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The audit does not guarantee that the accounting records are free from fraud or error.

Items in **bold under recommendations** represent recommendations in respect of the application of controls, text in *italics represent suggested actions if the Council consider appropriate that if adopted, could add to the assurance.*

CONTROLS	TESTS	REF	REFERENCE / COMENTS	RECOMMENDATIONS
Previous External Audit Report	Has the previous external audit report been reported to and considered by Council and acted upon any matters raised?	Minute 20		None
Previous Internal Audit Report	Has the previous internal audit report been reported to and considered by Council and acted upon any matters raised?	Minute 21		None
Appropriate accounting records have been kept properly throughout the year				
Proper Bookkeeping	The cash book containing the receipts and payments for the 2016/17 financial year.		Testing raised no issues and general purchases appeared to be within the Councils powers.	Council should review expenditure undertaken within section 137 legislation.

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	Copies of tenders or estimates and consideration and approval by Council		None.	None
	Copies of purchase orders	None	<i>The Council might wish to consider issuing purchase orders for any orders involving large expenditure</i>	None
	Evidence of separation of financial duties	No	Although Clerk is the only employee payments are approved by Council	None
	Bank Statements/Paying in books/ Cheque Books	Yes	Testing revealed no issues: - Bank Statements – Testing no issues Cheque Stub Initialled. Testing no issues Paying in book reconciled. Car Park machine emptied weekly/fortnightly and to bank for the PC. Testing revealed receipts from machine sent to Council to reconcile.	None
St Sampson Parish Council met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for				
Standing Orders	Copy of Standing orders.	Yes	Reviewed Minutes 22 – June, Minute 19 – Oct and Minute 20 – Feb. NALC standard Model adopted.	None
Financial Regulations	Copy of Financial Regulations.	Yes	Reviewed Minute 22 – June. NALC standard Model adopted.	None
Invoices	Copies of Invoices supporting expenditure	Yes	Testing revealed that the Council has received invoices to support expenditure.	Invoices should be addressed to the PC for VAT purposes
Expenditure	All expenditure approved by Council	Yes	Testing revealed no issues.	None
VAT	VAT on expenditure appropriately accounted for	Yes	Testing revealed VAT accounted for and the VAT amount outstanding for 2015-16 reclaimed.	None
St Sampson Parish Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these				
	Council Financial Risk Assessment	Min 20 June	Testing revealed no issues to report	None
	ICT Controls		Clerk confirmed	None

			Computer pass-worded Anti-virus (AVAST) in place Computer backup – separate computer	
	Review of any other in-year assessments and risk management programmes	None		The Council should consider the production of Business Continuity Plan to prevent service and operational disruption should the Clerk leave. The plan should be commensurate with the level of turnover and identified risk.
Insurance Schedule	Insurance schedule (as at 31/3/2017)		Fidelity £250,000 - adequate Employer - £10 million Public Liability - £10 million	War Memorial. Insured for £24K Not on fixed asset register
Scheme of delegation	Scheme of delegation to officers e.g. Finance Policy	No	Clerk confirmed nothing has been delegated	None
ICO Registration	Data Protection	No		Recommend review and if required to register with ICO
The precept or rates requirement resulted from an adequate budgetary process: progress against budget was regularly monitored and reserves were appropriate				
Budget	Copy(ies) of the budget papers	Yes		None
	Copy(ies) of development or improvement plans	Yes	Spending priorities sheet produced	None
	Copy of the precept notice to Cornwall Council	Yes		None
	Evidence of reserves being considered as being appropriate	Yes	£5,000 allocated from General reserve	
Management Accounts	Copy and evidence of regular budget monitoring and presentation to Council	Yes	Cash book presented monthly although individual cost centres not monitored. <i>Council should review and consider if periodical monitoring of spend and income received against the budget is appropriate.</i>	None
Expected income was fully received, based on correct prices, properly recorded and promptly banked: VAT was appropriately accounted for				
	Copies of rental/hire/letting charge reviews and date of last review		Car Parking charges – AS Parking take the excess but the Council receives the money from the meter. Possible	None

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Charges			contravention of the contract with Cornwall Council but the Clerk confirmed this is being investigated with CC and PC. Cornwall Council set the parking charges.	
	Copies of invoices and audit trail to bank	Yes		None
	Copies of service charge calculations (if applicable)	No	Cornwall Council set the car parking charges	None
	VAT on income was appropriately accounted for	No	Not applicable	None
	Copies of any policies on use of facilities at no charge (if applicable)	No	Not applicable	None
Petty Cash Payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for				
	Copy of the petty cash ledger		Not operated	None
	Copies of receipts expended from petty cash			
	VAT accounted for on expenditure			
	Scheme of delegation for petty cash expenditure			
Salaries to employees and allowances to members were paid in accordance to St Sampson Parish Council approvals, PAYE and Ni requirements properly applied				
Salaries	Salaries and other emoluments paid to employees have been approved by Council	Min 22 May	Staffing Structure – Clerk increased to spinal point 26 and operates on time sheets	None
	HMRC records of payments including tax/NIC deductions		Council operate HMRC RTI and appears be operating correctly	None
	HMRC year-end reconciliation (from HMRC website)			Outstanding Balance £58.00. Council should pay the outstanding amount to prevent penalties.
	Employees summary for year			
	Council is registered with the Pensions Regulator and pension compliance e.g. opt out arrangements and discretions	Yes	Registered	None
	Contracts of Employment	Yes	zero hours	None
	Chairman's Allowance and other members allowances treated correctly	No	None paid	None
Asset and Investment registers were complete and accurate and properly maintained				

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Asset Register	Asset Register has been completed and current	Yes	Asset register produced and appears to be correct although the war memorial is to be investigated.	War Memorial (£24k) recorded on insurance schedule but not on asset register. To be reviewed.
	In year asset movements recorded	Yes		None
	Security of assets undertaken including marking	No	<i>Council might wish to consider security marking any portable assets</i>	None
	Valuation of assets undertaken correctly and Assets insured correctly	Yes		None
	Asset condition survey undertaken	Yes	Recorded	None
	Investment reviews undertaken	No		None
Periodic and year end bank account reconciliations properly carried out				
	Evidence and records of in-year bank Reconciliations and frequency	Yes	Chairman checks bank reconciliations	None
	Copy of the year end bank reconciliation	Yes		None
Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.				
	Audit trail from cash book to trial balance and I & E/balance sheet	No	Not applicable. Council accounts are operated on receipts and payments	None
	End of year summary and supporting statement	Yes		None
	List of current assets and liabilities (i.e. debtors, creditors etc.)	No	Not applicable	None
	Records of leases, licences etc.		Not applicable	None
	Copies of in-year reports of debtors/creditors to Council including longevity of debt/credit.		Not applicable	None
	Reserves		Reserves at the year-end stand at 98% or .98 of the annual 16-17 expenditure. However, reserves remain high against the precept as the Council derives more income from sources other than the precept.	
Council has met its responsibilities as a trustee (if applicable)				
	Trust funds have been administered correctly including disposal of grants/dividends etc.	No	Not applicable	None