

## ST SAMPSON PARISH COUNCIL

### INTERNAL AUDIT REPORT FINANCIAL YEAR 2017-18

### 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' (1<sup>st</sup> April 2018).

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
<b>Previous External Audit Report</b>	Has the previous external audit report been reported to and considered by Council and acted upon any matters raised?	Yes	Minute 21 – 26 <sup>th</sup> September 2017	<b>None</b>
<b>Previous Internal Audit Report</b>	Has the previous internal audit report been reported to and considered by Council and acted upon any matters raised?	Yes	Minute 19 – 6 <sup>th</sup> July 2017	<b>See below</b>
<b>Appropriate accounting records have been kept properly throughout the year</b>				
<b>Proper Bookkeeping</b>	The cash book containing the receipts and payments for the 2017/18 financial year.	Yes		<b>UTR number/HMRC guidance should be obtained for personal suppliers.</b>

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	Copies of tenders or estimates and consideration and approval by Council	Yes	Not applicable	
	Copies of purchase orders	No	<i>Council should review the use of purchase orders especially for larger items</i>	<b>None</b>
	Evidence of separation of financial duties	No	Monthly checked by the Chairman and signs the cash book	<b>None</b>
	Bank Statements/Paying in books/ Cheque Books		Last Bank Statement 23 <sup>rd</sup> March bank reconciles to cash book to the date of statement.	<b>Cheque 159 to Golant Village Hall paid under the S137 power.</b>
<b>St Sampson Parish Council met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for</b>				
<b>Standing Orders</b>	Copy of Standing orders.	Yes	Reviewed 5 <sup>th</sup> July 2017	<b>None</b>
<b>Financial Regulations</b>	Copy of Financial Regulations.	Yes	Reviewed 5 <sup>th</sup> July 2017	<b>None</b>
<b>Invoices</b>	Copies of Invoices supporting expenditure			<b>A copy invoice for cheque number 217 required. Council should review S137 spending limits.</b>
<b>Expenditure</b>	All expenditure approved by Council	Yes		<b>None</b>
<b>VAT</b>	VAT on expenditure appropriately accounted for		Tested no issues in 2017-18	<b>2016-17 VAT not received £1,064.40</b>
<b>Sampson Parish Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these</b>				
	Council Financial Risk Assessment	Yes	Reviewed 5 <sup>th</sup> July	<b>None</b>
	ICT Controls	Yes	Clerk confirmed Computer pass-warded Anti-virus (AVAST) in place Computer backup – memory stick	<b>None</b>

	Review of any other in-year assessments and risk management programmes	None		
<b>Insurance Schedule</b>	Insurance schedule (as at 31/3/2018)		Public Liability £10,000,000 Fidelity £250,000	<b>None</b>
<b>Scheme of delegation</b>	Scheme of delegation to officers e.g. Finance Policy		Financial Regulation 3.4 delegation to Clerk up to a limit of £200	<b>None</b>
<b>ICO Registration</b>	Data Protection	Yes		<b>Council should review GDPR implications and implement the revised legislation where it applies.</b>
<b>The precept or rates requirement resulted from an adequate budgetary process: progress against budget was regularly monitored and reserves were appropriate</b>				
<b>Budget</b>	Copy(ies) of the budget papers	Yes	Historical Cost analysis plus anticipated expenditure	<b>None</b>
	Copy(ies) of development or improvement plans	Yes	Priority for spending document linked to the budget preparation. Council wish to adopt a 4 year Medium Term Financial Strategy	<b>None.</b>
	Copy of the precept notice to Cornwall Council	Yes		<b>None</b>
	Evidence of reserves being considered as being appropriate	Yes	Minute 12 - £5,000 allocated for Devolution of toilets	<b>None</b>
<b>Management Accounts</b>	Copy and evidence of regular budget monitoring and presentation to Council	Yes	Testing revealed Council reviews spend against budget monthly e.g. minute 12 Oct 17th	<b>None</b>
<b>Expected income was fully received, based on correct prices, properly recorded and promptly banked: VAT was appropriately accounted for</b>				
<b>Charges</b>	Copies of rental/hire/letting charge reviews and date of last review		Charges for car park are set by Cornwall Council under traffic management order.	<b>Clerk to obtain a copy of contract or agreement with Cornwall Council.</b>
	Copies of invoices and audit trail to bank		Collected by AS Parking. Testing indicated copies of amount in machine and amount banked are sent to the Clerk for reconciliation.	<b>None.</b>
	Copies of service charge calculations (if applicable)		Not applicable	

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	VAT on income was appropriately accounted for		Not applicable	
	Copies of any policies on use of facilities at no charge (if applicable)		Not applicable	
<b>Petty Cash Payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for</b>				
	Copy of the petty cash ledger		Not operated	
	Copies of receipts expended from petty cash			
	VAT accounted for on expenditure			
	Scheme of delegation for petty cash expenditure			
<b>Salaries to employees and allowances to members were paid in accordance to St Sampson Parish Council approvals, PAYE and NI requirements properly applied</b>				
<b>Salaries</b>	Salaries and other emoluments paid to employees have been approved by Council	Yes	Minute 3 23 <sup>rd</sup> May 2017 Sp pt 26. Paid on submission of time sheets	<b>None</b>
	HMRC records of payments including tax/NIC deductions	Yes	P60 supplied	<b>None</b>
	HMRC year-end reconciliation (from HMRC website)	Yes	Website confirmed nothing outstanding. Difference between the P60 and website £76.40 cheque no 234	<b>None</b>
	Employees summary for year	No		
	Council is registered with the Pensions Regulator and pension compliance e.g. opt out arrangements and discretions		Registered and declaration of compliance received. Not part of a pension scheme.	<b>None</b>
	Contracts of Employment	Yes	Zero hours	
	Chairman's Allowance and other members allowances treated correctly	No	Members are not paid an allowance	<b>None</b>
<b>Asset and Investment registers were complete and accurate and properly maintained</b>				
<b>Asset Register</b>	Asset Register has been completed and current		Reviewed July 2017 minute 20 <i>Council should also review the JPAG advice in 5.57 on key information. Asset register should preferably be reviewed at the end of the financial year to be co-terminus with accounts.</i>	
	In year asset movements recorded	No	No asset movements	
	Security of assets undertaken including marking		Not marked. Security see below under condition survey.	<b>None</b>

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	Valuation of assets undertaken correctly and Assets insured correctly		<i>Council should review the insurance premium against insured values.</i>	
	Asset condition survey undertaken	Yes	Survey regularly undertaken. Reports minuted.	<b>None</b>
	Investment reviews undertaken	No		
<b>Periodic and year end bank account reconciliations properly carried out</b>				
	Evidence and records of in-year bank Reconciliations and frequency		Reconciled monthly and reported as financial report. Testing no issues.	<b>None</b>
	Copy of the year end bank reconciliation	Yes	Reconciled but last transaction date 23rd March	<b>Reconciliation should be co-terminus with the 31<sup>st</sup> March</b>
<b>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.</b>				
	Audit trail from cash book to trial balance and I & E/balance sheet	N/A		
	End of year summary and supporting statement	No		
	List of current assets and liabilities (i.e. debtors, creditors etc.)	N/A		
	Records of leases, licences etc.	No		
	Copies of in-year reports of debtors/creditors to Council including longevity of debt/credit.	N/A		
	Reserves		Reserves are 3.5 times precept. Clerk has confirmed £5,000 allocated to public conveniences	<b>Level of reserves should be reviewed against anticipated spend</b>
<b>Council has met its responsibilities as a trustee (if applicable)</b>				
		N/A		