

Internal Audit Report
Year ending: 31st March 2020

Name of Council:	Combs Parish Council
Income:	£17,891 (rounded)
Expenditure:	£18,506 (rounded)
Precept Figure:	£8,000
General Reserve:	NIL
Earmarked Reserves:	£1,500

Internal Audit Objectives and Responsibilities

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council, and to achieve this will adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data

Accordingly, in the conduct of planned audits Internal Audit may:

- Carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2019/20 of the Annual Governance and Accountability Return (AGAR)
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- Appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- Review the established systems to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations, and determine whether the council complies
- Review the operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used	Computerised spreadsheet is used as the cash ledger.
	Cash book kept up to date and regularly verified against bank statement	The cash book is well maintained and up to date.
	Correct arithmetic and balancing	Spot checks for the year under review were made and found to be in order.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	Standing Orders have been reviewed, amended and adopted at a Council meeting of 14 May 2019.
	Evidence that Financial Regulations have been adopted and reviewed regularly	Financial Regulations have been reviewed, amended and adopted at a Council meeting of 14 May 2019.
	Evidence that a Responsible Financial Officer has been appointed with specific duties	The Council in accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the financial affairs of the relevant authority at its meeting of 10 June 2019.
	Evidence that Financial Regulations have been tailored to the Council	Financial regulations have been tailored to the Council.
3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	A selection of random payments were selected and cross checked against cash book, invoices, VAT and minutes and found to be in order. It was noted payments are included within the minutes as well as the power which ensures all financial decisions or payments are made in accordance with statute and the Council is not undertaking any decisions or payment that are ultra vires.
	Internet Banking transactions properly recorded/approved	Internet banking not used by Council.
	VAT correctly identified and reclaimed within time limits	VAT correctly identified within the cashbook.

	Has Council adopted the General Power of Competence and is it being correctly applied?	Council has not adopted the General Power of Competence.
	S137 separately recorded, minuted and within statutory limits	Section 137 of the Local Government Act 1972 enables local councils to spend a limited amount of money for purposes for which they have no specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £8.12 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants. Council made one payment of £100 using S.137 which was clearly noted in the cash book.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	There were none applicable for the year under review.
4. Risk Management	Is there evidence of risk assessment documentation?	A Risk Assessment & Management document seen by the Internal Auditor.
	Evidence that risks are being identified and managed.	Council reviewed its risk assessment at a Council meeting of 14 May 2019. It was noted a Volunteer risk assessment was reviewed and adopted at a Council meeting and signed 8 March 2020.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Insurance cover was in place during the year under review. Employers Liability £10 million Public Liability £10 Fidelity Guarantee £25,000 this is within the recommended guidelines of year-end balances plus 1 st instalment of precept received.
	Evidence that insurance is adequate and has been reviewed on an annual basis	Insurance was reviewed at a Council meeting of 9 September 2019. It was noted Council has a three-year long-term agreement which ends on 30.9.2022.
	Evidence that internal controls are documented and regularly reviewed	The Internal Control Statement was considered and reviewed at a Council meeting of 14 May 2019 and 9 March 2020.

	Evidence that a review of the effectiveness of internal audit has been carried out during the year	<p>The Internal Auditor assumes that in accordance with the Accounts and Audit Regulations 2015, at the review of the Internal Control Statement at its meeting of 14 May Council also carried out a review of the effectiveness of internal audit.</p> <p><i>Comment: Council should ensure a minute reference is made of its review of the effectiveness of internal audit.</i></p>
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	Budget was agreed at a Council meeting of 10 December 2018. Budget papers being available on the Council's website.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The Precept is the sum of £8000 was agreed at a Council meeting of 10 December 2018 with the amount being clearly Minuted.
	Regular reporting of expenditure and variances from budget	Budget analysis is regularly presented and accepted by Council.
	Reserves held General and Earmarked.	<p>General Reserves: Nil</p> <p>Earmarked Reserves: £1500</p>
6. Income controls	Is income properly recorded and promptly banked?	Income is properly recorded within the cashbook and banked where appropriate.
	Is income reported to full Council?	Income is reported to Council and forms part of the minutes.
	Does the Precept recorded agree to the Council Tax Authority's notification?	Evidence was provided showing the Precept to be paid and receipt of same in the Council's bank account.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	Not applicable.
	<ul style="list-style-type: none"> Is CIL income reported to Council? 	

	<ul style="list-style-type: none"> • Does unspent CIL income form part of Earmarked reserves? • Has an annual report been produced • Has it been published on the authority's website 	
7. Petty Cash	Is a petty cash in operation?	Council does not operate a petty cash system.
	If so, is there an adequate control system in place.	
8. Payroll controls	Do all employees have contracts of employment?	Contract of employment not seen by the Internal Auditor.
	Are arrangements in place for authorising of the payroll and payments by the Council? Verifying the process for agreeing rates of pay to be applied.	PAYE is operated in accordance with the HM Revenue and Customs guidelines. The payments of salary to the Clerk are approved by full Council.
	Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	The salary payments include deductions for PAYE a P60 for the year under review was seen by the Internal Auditor.
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	A Declaration of Compliance was made in January 2019.
	Are other payments to employees reasonable and approved by the Council?	Council approves all expenses paid to the Clerk with a minute reference.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	The asset register is maintained in accordance with proper practices and covers the fixed assets owned by the Council. An uplift of £5135 is shown for the year under review with the purchase of a S.I.D.
	Verifying that the Asset Register is reviewed annually	The Asset Register was reviewed at a Council meeting of 14 May 2019.

	Cross checking of Insurance cover	Insurance was found to be in order with property insured for £50,000.
10.Bank reconciliation	Regularly completed and reconciled with cash book	Regular bank reconciliations are completed and reconciled with cash book.
	Confirm bank balances agree with bank statements	The overall year-end bank position is stated as £12,981.57. Balances confirmed at year end are: Santander Business Account £11,067.50 Santander Reserve Account £1,914.07
	Regular reporting of bank balances at council meetings	Bank balances are reported to Council at each meeting.
11.Year-end procedures	Appropriate accounting procedures used	Council operates on a Receipts and Payments basis.
	Financial trail from records to presented accounts	The Council demonstrates good financial control by ensuring that payments are listed in the Council's Minutes as part of the smaller authority's financial control.
	Has the appropriate end of year AGAR documents been completed?	A Certificate of Exemption had been completed. Section 1 Annual Governance Statement and Section 2 Accounting Statements of the AGAR were completed but unsigned.
	Where an authority certified itself exempt in 2018/19, did it met the exemption criteria and correctly declared itself exempt?	As the Council was a smaller authority with gross income and expenditure not exceeding £25,000 during the year 2018/19, it was able to certify itself as an exempt authority which was confirmed at a meeting of council on 14 May 2019.
	During the Summer 2019 did the smaller authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations?	The Internal Auditor was able to find the details of the arrangements for the exercise of public rights for the period ending 31 st March 2019 on the public website used by the Councils.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities

		with income and expenditure not exceeding £25,000 and published the following on a public website: Annual Internal Audit Report of the AGAR Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statements of the AGAR Notice of the period of the exercise of public rights and other information required by Regulations 15 (2), Accounts and Audit Regulations 2015.
12. Internal audit for the year ending 31 March 2019	Verifying that the previous internal audit reports have been considered by the Council	The internal audit report was considered at a Council meeting of 10 June 2019.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	The comments raised in the internal audit report were noted to be actioned at a Council meeting of 10 June 2019: Standing Orders annual review – actioned Financial Regulations annual review – actioned Appointment of RFO – actioned VAT column in cashbook – actioned Internal control statement annual review – actioned Effectiveness of internal audit minute reference – outstanding Receipts in cashbook & Minuted - actioned Publication requirements Audit & Accounts Regulations 2015 – actioned GDPR – working toward compliance
	Confirmation of appointment of Internal Auditor	SALC was appointed as the Internal Auditor at a Council meeting of 13 January 2020.
13. External audit for the year ending 31 March 2019	Verifying that the external audit report has been considered by the Council	No external report was provided by the external auditors as the Council was able to certify itself as exempt from a Limited Assurance Review.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	Not applicable.
14. Additional Comments	Annual meeting - held in accordance with legislation	The Annual Meeting of the Parish Council was held on 14 May 2019 with the first item on the agenda being the election of

		the Chairman in accordance with the Local Government Act of 1972 15(1).
	Correct identification of trustee responsibilities	The Parish Council does not at as sole trustee for any Trust Funds.
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	To ensure compliance with the requirements of the Transparency Code for smaller authorities (turnover not exceeding £25,000), Council is aware that the following should be published on a public website for the year 2019/20 not later than 1 July: Internal Audit Report List of Councillors and Responsibilities Items of Expenditure above £100 including recoverable and non-recoverable VAT End of year accounts Annual Governance Statement Asset Register And that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency Code for smaller authorities – December 2014.
	Verifying that the council is registered with the ICO	The Council is correctly registered with the Information Commissioner’s Office (ICO) as a Data Controller in accordance with the Data Protection Legislation. Registration No: Z2961469
	Verifying that the Council is compliant with the General Data Protection Regulation requirements Are the following in place: <ul style="list-style-type: none"> • Audit / Impact Assessment • Privacy Notices • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies 	Council is partially compliant with the General Data Protection Regulations. Recommend: The following policies should be put in place Procedure for dealing with Subject Access Requests Procedure for dealing with Data Breaches Templates for the above are available on the SALC website: https://www.salc.org.uk/advice/informationmanagement/

Signed: *S.J. Brown*

Date of Internal Audit Report: 1st June 2020

On behalf of Suffolk Association of Local Councils