



Internal Audit Report
Year ending: 31st March 2017

Name of Council:	Rushbrook with Rougham Parish Council
Income:	£14,488.82
Expenditure:	£13,897.26
Precept figure:	£11,677.00
General Reserve:	£7,250.74
Earmarked Reserves:	£16,681.00

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used.	<p>Computerised spreadsheets seen for the Parish Council's main account. There is no cashbook for the Rougham Fete Account.</p> <p>Recommendation: such a cashbook with a clear referencing system be established and submitted at the time of audit.</p>
	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 correct.

<p>2 Payment controls</p>	<p>Supporting paperwork for payments, and appropriate authorisation.</p>	<p>A selection of random payments for the main cashbook were selected and cross checked against cheque book, cash book, bank statement, invoices and minutes.</p> <p>The bank statements for the Rougham Fete Account, which makes up part of the Council's Accounting Statements, shows the cheque numbers with hand written notes as to whom payable and deposits made. <i>The Clerk to the Parish Council has (post audit) provided invoices for 5 out of the 11 payments made. This still leaves unexplained entries in the Fete Accounts with cheques being written for which there is no clear audit trail.</i></p> <p>Recommendation – ensure that there is a clear referencing system with supporting paperwork for the Rougham Fete account for all payments made, that a cashbook is established detailing payments made and income received; that all expenditure is approved by Council and that there is a full Audit Trail for this account.</p>
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	S137 separately recorded and minuted.	<p>The cashbook shows payments under this power totalling £1700.00, although the Accounts for the year under review merely state donation/grant. 2 payments make up the sum noted within the cash book and have been incorrectly allocated against this power.</p> <p>Recommendation: that advice is sought about the correct identification of powers of expenditure and that where s.137 is used the Council minutes its decision along with noting whether the expenditure falls within the capped limit. In both of the cases above, this power has been incorrectly applied as there is an alternative power under which the expenditure could have been incurred.</p>
	VAT identified and reclaimed where appropriate.	VAT is clearly identified in the cashbook and totals £430.26 for the year under review.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements.	None made for the year under review. No new contracts were awarded for the year under review.
	Legal Powers identified in minutes and/or cashbook?	<p>No reference is made to the legal powers under which payments are made.</p> <p>Recommendation: that powers are recorded in the minutes or cashbook so that the Council can consider the legality of payments and agree that they have only acted within powers for the Annual Governance Statement.</p>

3. Financial Regulations, Standing Orders	Evidence that standing orders have been adopted and reviewed regularly.	<p>Whilst Model Standing Orders were reviewed and adopted at a meeting of 18th July 2016, Council needs to be aware that in places they fail to take account of recent changes in legislation.</p> <p>Recommendation: that standing orders are reviewed during the next financial year and</p>
	<p>Evidence that Financial Regulations have been adopted and reviewed regularly.</p> <p>Evidence that Financial Regulations have been tailored to the Council.</p>	<p>amended with reference to the following: NALC Legal Briefing L05-15 with particular reference to Procurement of Contracts (18c and f). The figures used within these sections should mirror those stated in the Council's Financial Regulations.</p> <p>The Council's Financial Regulations were reviewed and the Model Financial Regulations as provided by SALC were adopted and adopted by full Council at a meeting of 18th July 2016 and reflect recent changes in legislation.</p> <p>Financial Regulations are tailored to the Council.</p> <p>Recommendation: to ensure that the Regulations are fully tailored to the Council and to avoid ambiguity, it might want to consider the removal of [] (square brackets).</p>
4. Petty cash/expenses procedure	Established system in place, and associated supporting documents	No petty cash held. Expenses claimed are approved by full council with supporting paperwork.

5. Risk management	Evidence that risks are being identified and managed.	<p>The Council's Risk Assessment Schedule for the period under review was considered and approved by full Council at its meeting of 20th March 2017 and covers the risks to which the smaller authority might be exposed and its strategy for handling such risks.</p> <p>Council receives monthly Play Area Safety Reports on the Council run play areas and considers this at relevant Parish Council Meetings. Appropriate remedial action is taken where necessary.</p>
	Appropriate Insurance cover for employment, public liability and fidelity guarantee.	Insurance cover is in place and whilst it was approved for payment by full Council at the meeting of 19 th September 2016, there is no minute to show that a review has been undertaken and

		<p>that Council's insurance has taken into account items on its Asset Register.</p> <p>As this is an outstanding audit point from 2015/2016, Council should ensure that it fully reviews its insurance policy and any adjustments should be made to cover an up-to-date and accurate asset register. Council should ensure that such a review is minuted within the meeting at which it has taken place.</p> <p>Council has cover with Zurich under a Parish Council Select for Local Councils Policy. Appropriate cover is in place and covers Public & Products Liability; Employers Liability; Officials Indemnity and Legal Expenses.</p> <p>Fidelity guarantee insurance cover is £25,000 and is within recommended guidelines.</p>
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6. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	The budget and precept were discussed at a meeting of 23 rd November 2016 at which it was agreed to set a budget of £12,500 and a precept of £11,677.
	Regular reporting of expenditure and variances from budget.	In accordance with Council's own Standing Orders, reports detailing receipts and payments for each quarter is submitted to Council which shows total expenditure against budget along with bank balances in all accounts. Variances against budget are also discussed.
7. Income controls	Monitoring of precept and any other Income.	<p>The Council received precept in the sum of £11,677.</p> <p>A number of random income records were selected and cross checked against bank statements, cash book and minutes and the following is noted.</p> <p>The Accounting Statements show net income from</p>
		<p>the Fete of £1,212.46 which cannot be verified as there is no cashbook for the Fete Account. In the Council's Minutes of 18th July 2016 it is minuted that the Fete Committee reported that income of £1,017.52 had been received less costs of £545 which left a surplus of £472.</p> <p><i>Post audit, the Clerk to the Council provided deposit slips for 2 out of the 5 deposits made during the year.</i></p> <p>Recommendation: the Fete Accounts, if they are to be included within the Parish Council's Accounting Statements, should be submitted along with cash books at the time of audit for 2017-2018 to allow a clear audit trail.</p>

	Reserves:	Reserves total: £ 23,931.74 General reserves : £7,250.74 Earmarked reserves: £16,681.00
8. Payroll controls	Salary payments include deductions for PAYE/ NIC. PAYE/NIC paid promptly to HMRC. Evidence that Council is aware of it's pension responsibilities.	Evidence seen to support approval of salary payments and payment of PAYE. Council has recognized that under current legislation it has pension duties for its employees and a Declaration of Compliance will be made confirming that on the Staging Date there will be no staff that needed to be automatically enrolled into a pension scheme.
9. Asset control	Inspection of Asset register.	Asset Register seen for period ending 31 st March 2017 which shows assets to the value of £14,181. It is noted that the figure stated on the Annual Return now states £0 and there is no explanation as to why such a figure should be recorded. Recommendation: Council should ensure that the figure of £14,181 is that which is stated on the

		Annual Return and be mindful that it is required to maintain an appropriate asset register in line with the Governance and Accountability Guide. The external auditor has advised that each asset should be recorded on the asset register at its original purchase cost. This value should remain unchanged until disposal.
	Asset register reviewed annually.	Asset register was reviewed and amended during the year under review.
	Cross checking of Insurance cover.	Spot checks were made for items on the asset register and those under insurance. All were found to be in order.

<p>10. Bank reconciliation</p>	<p>Regularly completed, reconciled with cash book.</p> <p>Confirm bank balances agree with bank statements.</p> <p>Regular reporting of bank balances at council meetings?</p>	<p>The Council's Current and Deposit bank statements reconcile with the cashbooks provided.</p> <p>Bank balances as at 31.03.17: £23,931.74 Barclays Current Account: £1277.67 Outstanding cheques: -£339.00 Outstanding receipts: £72.27 Barclays Deposit Account: £21,028.34 Fete Barclays Account: £1,892.46</p> <p>Bank statements for all bank accounts were seen and a financial report is given at each meeting detailing positions in both the Current and Deposit bank accounts.</p> <p>There is no reporting of the bank balances of the Rougham Fete Community Account.</p>
<p>11. Year-end procedures</p>	<p>Appropriate accounting procedures used.</p> <p>Financial trail from records to presented accounts.</p>	<p>Receipts and payments.</p> <p>Overall the bank balances in the Current and Deposit Accounts agree with year-end statements but note comment under 7 above.</p>

<p>12. Annual return</p>	<p>Completion of sections of Annual return.</p>	<p>A copy of the completed Sections 1 and 2 of the completed and signed Annual Return was submitted for Internal Audit</p> <p><i>The following comments are to be noted:</i> The Accounts for the Year ended 31 March 2017 show income in the sum of £14,488.82 – Precept £11,677.00, Other Income £2811.82 The Annual Return has Box 2 (Precept) stated as £11,677 (verified) but Box 3 (Other income) is stated as £3,537. The Accounts for the Year ended 31 March 2017 show expenditure in the sum of £13,897.26 – Staff Costs £5,940.25, Other Expenditure £7,957.01 The Annual Return has Box 4 (Staff) stated as £5,940 (verified) but Box 7 is stated as £8,682. Asset Register shows assets to the value of £16,681. The Annual Return has Box 9 (Assets) stated as £0</p> <p>Recommendation: Council should ensure that the Annual Return is correctly completed and reflects the figures within the Accounts as signed off by the Council.</p>
<p>13. Review internal controls</p>	<p>Date review completed.</p>	<p>Section 4 of the copy supplied was completed by the internal auditor.</p> <p>Council reviewed its internal control statement which covered the scope of responsibility; purpose</p>

	<p>Previous internal report minuted and considered by Council</p> <p>Previous external report minuted and considered by Council</p>	<p>of the system of internal controls; the obligations of internal control and the effectiveness of the controls in place at a meeting of full Council on 20th March 2017.</p> <p>Internal audit report considered at a meeting of 18th July 2016 with agreement that the circulated note of action points should be undertaken.</p> <p>External audit report considered and accepted at a meeting of 21st November 2016 with agreement that the points raised would be addressed.</p>
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<p>14. Recommendations from previous internal audit – 31 March 2016.</p>	<p>Date reviewed and action plan agreed.</p> <ol style="list-style-type: none"> 1. Implementation of payment controls 2. Approval of all expenditure at meeting at which expenditure is incurred/agreed 3. Recording of powers for expenditure incurred 4. Review of Standing Orders 5. Review of Financial Regulations 6. Completion of Annual Risk Assessments 7. Completion of Annual Safety Inspection for Council Play Equipment 8. Review of financial safeguarding arrangements 9. Linking of Asset Register and Insurance 10. Budgeting process – setting and review 11. Reporting of expenditure and variances 12. Recording of all income in cashsheet 13. Provision of bank statements for audit purposes 14. Reporting of transfers between Council’s accounts in minutes 15. Review of Reserves 16. Review of Council’s Pension duties 17. Review of Asset Register 	<p>Actioned</p> <p>Actioned</p> <p>Outstanding – see comments under 2 above.</p> <p>Partially actioned – see comments under 3 above.</p> <p>Actioned</p> <p>Actioned</p> <p>Actioned via monthly inspection</p> <p>Actioned</p> <p>Outstanding – see comments under 9 above</p> <p>Actioned</p> <p>Actioned</p> <p>Actioned</p> <p>Actioned</p> <p>None undertaken for the year under review</p> <p>Outstanding – see comments under 7 above</p> <p>Actioned</p> <p>Outstanding - see comments under 9 above</p>
	<ol style="list-style-type: none"> 18. Recording of receipt of internal and external audit reports to full Council 19. Review of the completion of the Annual Return 	<p>Actioned</p> <p>Outstanding – see comment under 12 above</p>
<p>15. Additional comments</p>	<p>Annual meeting:</p> <p>Appointment of internal auditor:</p> <p>Any trustee responsibilities:</p>	<p>The Annual Parish Council Meeting took place on 24th May 2016 with the election of the new Chair taking place after the receipt of apologies for absence.</p> <p>30th March 2017 – rolling contract with SALC</p> <p>None</p>

Transparency code for smaller authorities:	Council is aware of the mandatory requirements under the Transparency Code for Smaller Authorities (2015 Regulations) to ensure certain data is published on a freely accessible website
Arrangements in place for the public inspection of council's records	Note re period for the exercise of public rights: 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 Regulations 2015). The earliest commencement date for the exercise of the public rights this year will be Monday 3 rd July 2017.
Is the council registered with the ICO:	Yes - Registration No. A8125551

Reviewed Date: 28.06.2017

Signed: *VS Waples*

On behalf of Suffolk Association of Local Councils