



**Internal Audit Report
Year ending: 31st March 2017**

Name of Council:	Little Thurlow Parish Council
Income:	£7,802.55
Expenditure:	£8,662.02
Precept figure:	£5,776.00
General Reserve:	£5,162.51
Earmarked Reserves:	£1,972.00

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used.	A typed spreadsheet is used for Receipts and Payments.
	Cash book kept up to date and regularly verified against bank statement.	<p>The Receipts List and the Payments List do not display any totals.</p> <p>Recommendation: In order to assist overall financial control and for verification that correct figures are included in the routine reports to Council and in the end-of-year Receipts and Payments Account, the Receipts List and Payments List should have total columns which can be reconciled to the bank statements.</p>
	Correct arithmetic and balancing.	Spot checks were made and found to be correct.
2. Payment controls	Supporting paperwork for payments, and appropriate authorisation.	<p>A random selection of payments was selected and cross checked against cheque book, Cashbook, bank statements, invoices and Minutes.</p> <p>It was noted that the supporting invoices/vouchers for payments made were largely in place but Internal Audit was unable to locate the supporting papers for the Expenses Claim paid on 21 June 2016 (cheque payment 000668 for £156.00).</p>
	S137 separately recorded and minuted.	Payments under Section 137 of the Local Government Act 1972 are separately identified and noted in the Minutes of the Council.
	VAT identified and reclaimed.	<p>The claim submitted for the period 1 August 2015 to 31 December 2016 in the sum of £890.30 was received at bank on 27 February 2017.</p> <p>VAT is separately identified within the Payments List.</p>

	Legal Powers identified in minutes and/or cashbook?	The previous Internal Audit recommended the Council placing a reference against each payment as to the power being used in either the Minutes or the Cashbook to ensure that all payments made are within its powers and that it is not acting outside of its legal power. This was considered by the Council at its meeting on 21 June 2016. The Council agreed to keep the matter under review but felt that the risks for such a small Parish Council were very low.
3. Financial Regulations, Standing Orders	Evidence that standing orders have been adopted and reviewed regularly.	Standing Orders are in place and notated as being amended in November 2014 with no changes required as at 15 March 2016. Recommendation: The Council's Standing Orders should be reviewed during 2017/18 to ensure that they are up-to-date and remain relevant to the Council's requirements.
	Evidence that Financial Regulations have been adopted and reviewed regularly. Evidence that Financial Regulations have been tailored to the Council.	Financial Regulations are in place and are noted as being amended on 15 March 2015. The Financial Regulations include reference to the current contract procurement rules.
4. Petty cash/expenses procedure	Established system in place, and associated supporting documents	No petty cash is held; an expenses system is in place.
5. Risk management	Evidence that risks are being identified and managed.	The Council reviewed its Risk Assessment and Efficiency of Internal Controls document at the meeting on 2 November 2016.
	Appropriate Insurance cover for employment, public liability and fidelity guarantee.	Insurance was in place in the year of account. Public Liability cover stands at £10,000,000. Employee Dishonesty (Fidelity Guarantee) cover stands at £150,000, which meets the current guidelines of end-of-year balances plus 50% of precept/grants.
6. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	The budget and precept for the year 2016/17 was agreed at the Council's meeting on 24 November 2015.

		The budget and precept for the year 2017/18 was agreed at the Council's meeting on 2 November 2016.
	Regular reporting of expenditure and variances from budget.	Financial Statements displaying variances to budget are being presented to Council (the meetings on 20 September 2016, 17 January 2017 and 21 March 2017 refer).
7. Income controls	Monitoring of precept and any other Income.	The Council received a Precept of £5,776 for the 2016/17 year. Other income was examined on a test-check basis and found to be in order.
	Reserves:	General: £5,162.51 Earmarked: £1,972.00
8. Payroll controls	Salary payments include deductions for PAYE/ NIC. Evidence that Council is aware of its pension responsibilities.	No supporting documentation for salary payments to the Clerk was presented to Internal Audit. Similarly, an end-of-year return (P60) was not presented. Accordingly it was not possible to confirm that the Council is acting in accordance with HMRC requirements. A copy of an e-mail dated 27 March 2017 from gateway.gov.uk confirming receipt of an online payment submission was presented to Internal Audit. The Council is aware of the workplace pensions legislation; the Council noted at its meeting on 21 March 2017 that the Staging Date was 1 May 2017 and the Council agreed to put this matter in motion with a view of it being a specific item for a future meeting. Information can be found on the pension regulator website: http://www.thepensionsregulator.gov.uk/
9. Asset control	Inspection of Asset register.	An Asset Register was not presented to Internal Audit. The Clerk provided a notation to Internal Audit that the overall value of assets (£1,800) consisted of the Village Sign (£1,000) and a Projector (£800). The value of £1,800 has been placed in Box 9 of Section 2 of the Annual Return.

		<p>It is noted that the Council at its meeting on 18 October 2016 agreed that the play equipment should be formally gifted to Thurlow Sports Club.</p> <p>Recommendation: The Council should ensure that an Asset Register is in place and that it accords with current guidance to show description, location, date acquired and value with further columns for any acquisitions and disposals.</p>
	Asset register reviewed annually.	The Council considered the gift of the play equipment to Thurlow Sports Club at a number of meetings during the year of account.
	Cross checking of Insurance cover.	<p>Insurance cover was reviewed against the Asset Register items listed by the Clerk. It was noted that Street Furniture has insurance cover to a value of £5,237.30.</p> <p>Recommendation: the Asset Register should be compared with the insurance cover prior to the insurance renewal on 1 October 2017 to ensure that appropriate cover is in place for the Council's assets.</p>
10. Bank reconciliation	<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 year-end bank reconciliation agrees with the balances as per the bank statements.</p> <p>Overall Bank Balance (current account) at the year-end: £7,134.51.</p> <p>Financial information is presented to Council, including bank balances.</p>
11. Year-end procedures	Appropriate accounting procedures used. Financial trail from records to presented accounts.	The Receipts and Payments method of accounting is used. The Payments List and Receipts List would benefit from totals being included within the Lists (see item 1 above).

12. Annual Return	Completion of sections of Annual return.	<p>Sections 1 and 2 were completed and signed at the time of audit. The following issue arose from the examination by Internal Audit of the Annual Return:</p> <p>a) The Comparative Year 2015/16 includes incorrect figures (at Boxes 1 and 3) and these should be corrected prior to the submission of the Annual Return to the External Auditors.</p> <p>Section 4 has been completed by the Internal Auditor.</p>
13. Review internal controls	<p>Date review completed.</p> <p>Previous internal and external reports minuted and considered by Council</p>	<p>The Council reviewed its Risk Assessment and Efficiency of Internal Controls document at the meeting on 2 November 2016.</p> <p>The External Audit certificate for the previous year (2015/16) was received and accepted by the Council at its meeting on 20 September 2016. There were no issues raised by the External Auditor.</p>
14. Recommendations from previous internal audit – 31 March 2016	<p>Date reviewed and action plan agreed.</p> <ol style="list-style-type: none"> 1. A reference as to the power being used should be identified in either the Minutes or the Cashbook. 2. Standing orders are reviewed/adopted with reference to the NALC Legal Briefing L05-15 and minuted during the next financial year. 3. The Council should review the insurance in place to ensure that suitable cover is in place for the new play equipment. 	<p>At its meeting on 21 June 2016 the Council considered the Internal Audit Report for 2015/16 and discussed the recommendations put forward by SALC.</p> <ol style="list-style-type: none"> 1. The Council agreed to keep the matter under review but felt that the risks for such a small Parish Council were very low. 2. Yet to be completed, see Item 3 above. 3. At its meeting on 18 October 2016 the Council agreed that the play equipment should be formally gifted to Thurlow Sports Club (see item 9 above).

	<p>4. A current budget position should be reported and minuted at each council meeting which highlights any actual or potential overspends.</p> <p>5. As a data handler Council should review LTN38 available from SALC with regards to the requirement for ICO registration.</p>	<p>4. In place.</p> <p>5. Registration has not taken place.</p>
15. Additional comments	Annual meeting:	Held on 17 May 2016, within the required time-scale; the first item of business being the Election of Chairman in accordance with the Local Government Act 1972.
	Appointment of internal auditor:	The Clerk has advised that SALC was appointed on 26 April 2017.
	Arrangements in place for the public inspection of council's records:	<i>Note re period for the exercise of public rights:</i> Period for the exercise of public rights is 30 working days. These 30 working days must include the first 10 working days in July. Public rights cannot take place until all elements (other than Section 3) of the Annual Return have been completed.
	Transparency Code for smaller authorities:	All Councils with a turnover of less than £25,000 are subject to the Transparency Code for Smaller Authorities and should publish on their website: <ul style="list-style-type: none"> a) all items of expenditure above £100 b) annual governance statement - Annual Return Section 1 (By 1 July) c) end of year accounts – Annual Return Section 2 (By 1 July) d) internal audit report in Annual Return (By 1 July) e) list of councillor or member responsibilities f) the details of public land and building assets (By 1 July)

		g) Minutes, agendas and meeting papers of formal meetings.
	Is the council registered with the ICO?:	No Registration is currently in place.

Signed

Date

On behalf of Suffolk Association of Local Councils