



Internal Audit Report
Year ending: 31st March 2019

Name of Council:	Tattingstone Parish Council
Income:	£13,815 (rounded)
Expenditure:	£13,228 (rounded)
Precept Figure:	£9,995
General Reserve:	£5,858
Earmarked Reserves:	£4,964



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 2017/18 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 is in compliance
- 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.
	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 in order.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	Standing Orders were reviewed at a Council meeting of 14 May 2018. Comment: During Council's annual review of its Standing Orders Council should bear in mind that new Model Standing Orders have been produced by NALC.
	Evidence that Financial Regulations have been adopted and reviewed regularly	Financial Regulations were reviewed at a Council meeting of 14 May 2018. Comment: During Council's annual review of its Financial Regulations Council should consider incorporating the changes in Procurement values for contracting and reflect the thresholds set by Article 4 of the Public Contracts Directive (regulation 5(1) of the 2015 Regulations) – LTN87refers.
	Evidence that a Responsible Financial Officer has been appointed with specific duties	The Clerk was confirmed as the Responsible Financial Officer at a Council meeting of 14 May 2018.
	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 cheque book, cash book, bank statements, invoices and minutes. A list of payments is included within the Minutes.
	Internet Banking transactions properly recorded/approved	Internet banking not carried out.
	VAT correctly identified and reclaimed within time limits	VAT is identified with the cash book and a reclaim in the sum of £368.37 was received in the year under review.

	Has Council adopted the General Power of Competence and is it being correctly applied?	Not adopted.
	S137 separately recorded, minuted and within statutory limits	S.137 recorded within the financial statement and within statutory limits.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	There were none applicable in the year under review.
4. Risk Management	Is there evidence of risk assessment documentation and risks are being identified and managed	Evidence was provided of a risk assessment 2018-19 document and a risk register which were clearly reviewed and minuted at a Council meeting o 14 May 2018. It was noted an annual play inspection was carried out and noted in the minutes of a Council meeting of 3 December 2018.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Appropriate insurance in place: Public Liability £10million Employers Liability £10million Fidelity Guarantee £25,000 It was noted an insurance claim had been made in the year under review in regards the bus shelter.
	Evidence that insurance is adequate and has been reviewed on an annual basis	Council reviewed its insurance cover at a Council meeting of 3 September 2018.
	Evidence that internal controls are documented and regularly reviewed	An internal control document was presented to the internal auditor which was limited in scope however no review was carried out. Recommend: Council carries out an annual review of its internal controls. Council may wish to consider contacting SALC for a template Internal Control document to adopt.
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	A review of the effectiveness of internal audit was not carried out in the year under review. Recommend: Council carries out an annual review of the effectiveness of internal audit as per the Accounts & Audit Regulations 2015. Council may wish to consider contacting SALC for a template Effectiveness of Internal Audit document to adopt.

5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	The budget was agreed at a Council meeting of 4 December 2017 and formed part of the Minutes.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The Precept in the sum of £9995 was agreed at a Council meeting of 8 January 2018 with the amount being clearly minuted.
	Regular reporting of expenditure and variances from budget	Regular reporting carried out.
	Reserves held General and Earmarked.	General reserves: £5,858 Earmarked reserves: £4,500 Village hall fund & £464 election expenses
6. Income controls	Is income properly recorded and promptly banked?	Income properly recorded and banked.
	Is income reported to full Council?	Income reported to Council and a minute reference made.
	Does the Precept recorded agree to the Council Tax Authority's notification?	Evidence was provided showing a full audit trail from Precept being served on the Charging Authority to remittance advice 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?	CIL not received.
7. Petty Cash	Is a petty cash in operation? If so, is there an adequate control system in place.	Petty cash not in operation.
8. Payroll controls	Do all employees have contracts of employment?	Contract of employment not presented to the Internal Auditor.
	Are arrangements in place for authorising of the payroll and payments by the Council?	A payslip and 'report pack' evidenced by the internal auditor and a minute reference is made in the minutes.
	Verifying the process for agreeing rates of pay to be applied.	

	Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	PAYE/NIC deductions included in 'report pack' and payslip and paid when applicable to HMRC.
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	Council is aware of its pension responsibilities and a Declaration of Compliance was made on 10 August 2017.
	Are other payments to employees reasonable and approved by the Council?	Expenses claimed and approved at Council meetings with supporting paperwork provided.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	Asset register is maintained in accordance with proper practices and shows assets totalling £76,385. This includes £1850 disposals and £3419 purchases made within the year under review.
	Verifying that the Asset Register is reviewed annually	The asset register was reviewed at a Council meeting of 14 May 2018 and 3 September 2018.
	Cross checking of Insurance cover	A spot check of assets cross checked against insurance cover and found to be in order. Comment: It is noted Council shows ownership of a Pavilion and storage shed on its asset register with an insurance value of £41,600 however this is not included within the insurance documents. The internal auditor presumes this is paid for by the Management Committee of the Pavilion. Council may wish to note this within the Minutes when reviewing insurance cover.
10. Bank reconciliation	Regularly completed and reconciled with cash book	Regular bank reconciliations are carried out.
	Confirm bank balances agree with bank statements	The year-end bank statements: Barclays Business Premium Account £3,176 Barclays Community Account £9,369.17
	Regular reporting of bank balances at council meetings	Bank balances reported and Minuted at each meeting of Council.

11. Year-end procedures	Appropriate accounting procedures used	Council operates on an Income and Expenditure 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 controls.
	Has the appropriate end of year AGAR documents been completed?	As Council is a smaller authority with gross income and expenditure of £25,000 or less, it meets the criteria to certify itself as exempt from a limited assurance review and complete Part 2 of the AGAR. The internal auditor completed the relevant page.
	Where an authority certified itself exempt in 2017/18, did it met the exemption criteria and correctly declared itself exempt?	As Council was a smaller authority with gross income and expenditure not exceeding £25,000 during the year 2017/18, it was able to certify itself as an exempt authority and correctly declared itself exempt from a limited assurance review.
	Was there the opportunity provided for the exercise of electors' rights?	Opportunity was provided for the exercise of electors' rights 2 July – 10 August 2018.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The Council have published on a freely accessible public website documents in accordance with the Audit & Accounts Regulations 2015.
12. Internal audit for the year ending 31 March 2018	Verifying that the previous internal audit reports have been considered by the Council	Council considered and accepted the Annual internal audit report at a Council meeting of 2 July 2018.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	The following matters were raised in the Internal Audit report for the previous year: <ul style="list-style-type: none"> • Annual Play inspection report minute – Actioned • Insurance addition of Defibrillator/cabinet – Actioned • Electors Rights publication - Actioned
	Confirmation of appointment of Internal Auditor	SALC was confirmed internal auditor at a Council meeting o 14 May 2018.
13. External audit for the year ending 31 March 2018	Verifying that the external audit report has been considered by the Council	No external audit report was provided by the external auditor as the Council was able to certify itself as exempt from a limited assurance review.

14. Additional Comments	Annual meeting - held in accordance with legislation	The Annual Parish Council meeting was held on 14 May 2018 with the election of the Chair being the first item on the agenda in accordance with the 1972 Act. Comment: It is noted the Minutes of this meeting were signed on 13 May 2019; they should be signed at the next meeting of the Council. It is only the Minutes of the Annual Parish Meeting that are signed at the following years meeting.
	Correct identification of trustee responsibilities	The Parish Council does not act as sole Trustee for any Trust Funds.
	Verifying that the council is registered with the ICO	The Council is correctly registered with the Information Commissioner's Office (ICO) Ref: Z3053369
	Verifying that the Council is compliant with the General Data Protection Regulation requirements	The Council is partially compliant with the General Data Protection Legislation having published the Data Protection policy Recommendation: Council should implement the following information to be fully compliant with the General Data Protection Regulations: <ul style="list-style-type: none"> • Privacy notices • Audit/impact assessment • Data Retention & Disposal Policies • Procedures for dealing with Subject Access Requests • Procedures for dealing with Data Breaches • Templates are available on the SALC website

Signed: *S.J. Brown*

Date of Internal Audit Report: 15th July 2019

On behalf of Suffolk Association of Local Councils