



**Internal Audit Report  
Year ending: 31<sup>st</sup> March 2017**

<b>Name of Council:</b>	Creeting St Peter Parish Council
<b>Income:</b>	£7,101.17
<b>Expenditure:</b>	£5,987.28
<b>Precept figure:</b>	£4,870.00
<b>General Reserve:</b>	£3,569.58
<b>Earmarked Reserves:</b>	£8,418.19

Subject	Requirements	Comments/Recommendations
<b>1. Proper Book-keeping</b>	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 correct.
<b>2 Payment controls</b>	Supporting paperwork for payments, and appropriate authorisation.	A selection of random payments were selected and cross checked against cheque book, cash book, bank statement, invoices and minutes.  There is a clear audit trail and all were found to be in order.
	S137 separately recorded and minuted.	Payments made under this Power for the year under review total £47.00 and are clearly identified within the cash-sheet.
	VAT identified and reclaimed where appropriate.	VAT is clearly identified in the cashbook. Claim of £303.33 for the year under review was submitted on 30 <sup>th</sup> April 2017.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements.	None made
	Legal Powers identified in minutes and/or cashbook?	Reference is made to the legal powers under which payments are made within the cashbook.
<b>3. Financial Regulations, Standing Orders</b>	Evidence that standing orders have been adopted and reviewed regularly.	Whilst Standing Orders were seen and were reviewed at a meeting on 20 <sup>th</sup> March 2017, they do not reflect the changes in legislation over the past 4 years.  <b>Recommendation 1:</b> that standing orders are reviewed during the next financial year and amended with reference to the following: NALC Legal Briefing L05-15 with particular reference to Procurement of Contracts (18c and f); NALC Legal Topic Note 5 of February 2015 reference paragraph 31 onwards for reference to the reporting at meetings of the press and public (SO 3I).



		<b>Comment: Council should note that the model standing orders in bold type should not be ignored or substantively amended unless the legislation out of which they are born changes. It is recommended that the Council adopts those model standing orders in bold type in their current form because these reflect statutory requirements.</b>
	Evidence that Financial Regulations have been adopted and reviewed regularly.	The latest Model Financial Regulations as provided by NALC were reviewed and adopted at a Parish Council meeting on 20 <sup>th</sup> March 2017.
	Evidence that Financial Regulations have been tailored to the Council.	Financial Regulations are tailored to the Council.
<b>4. Petty cash/expenses procedure</b>	Established system in place, and associated supporting documents	No petty cash held. Expenses claimed are approved by full council with supporting paperwork.
<b>5. Risk management</b>	Evidence that risks are being identified and managed.	Risk Management Arrangements (Financial) Register for the period under review seen. This was reviewed and signed as compliant at a meeting of 20 <sup>th</sup> March 2017.
	Appropriate Insurance cover for employment, public liability and fidelity guarantee.	Insurance cover is in place and was reviewed by full Council at renewal date in September 2016. Council has insurance cover with Zurich Municipal under a Parish Council Policy: key elements cover Business Interruption; Office Contents; Money; Public Liability; Hirer's Liability; Employers Liability; Libel & Slander; Employee Dishonesty; Personal Accident and Legal Expenses. Specified items are covered under the All Risks Category.  Fidelity guarantee insurance cover is £25,000 and is within recommended guidelines.
<b>6. Budgetary controls</b>	Verifying that the budget has been properly prepared, and agreed.	The budget and precept were discussed at a meeting of 25 <sup>th</sup> January 2016. Council agreed to set a budget in the sum of £6140.00 and to levy a precept for the 2016-2017 year of £4,870.00.

	Regular reporting of expenditure and variances from budget.	<b>Reporting of Income/expenditure against budget during the year was not submitted in accordance with Council's own Standing Orders - outstanding action point from 2015 -2016.</b>
<b>7. Income controls</b>	Monitoring of precept and any other Income.	The Council received precept in the sum of £4,870.00 and Local Council Support Grant of £20.67.  6 income records were selected and cross checked against paying books, bank statements, cash book and minutes. There is a clear audit trail within the Council's system for the handling and reporting of income received.
	Reserves:	Reserves total: £11,987.77  General: £3,569.58 & Earmarked: £8,418.19
<b>8. Payroll controls</b>	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 that it must complete a Declaration of Compliance once it has reached its staging date.
<b>9. Asset control</b>	Inspection of Asset register.	Asset Register seen for period 31.03.17 which shows assets to the value of £24764.31 which reflects overall movement through the year of £450.00 (additions in the sum of £450.00 for purchase of a laptop)
	Asset register reviewed annually.	Asset register is reviewed annually.
	Cross checking of Insurance cover.	Insurance cover was reviewed during the year under review. Items from the asset register were cross checked against the All Risks Items declared under insurance and were found to be in order.



<p><b>10. Bank reconciliation</b></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>Bank reconciliations are undertaken on a regular basis.</p> <p>Bank balances as at 31.03.17: 11,987.77          Barclays Current Account: £1,121.98          Outstanding cheques: £290.00          Play Area Account: £4,052.32          Barclays Savings Account: £2,737.60          Fen Alder C Account: £2,252.65          Lottery Account: £2,113.22</p> <p>Bank statements were seen and a financial report is given at each meeting detailing positions in all bank accounts and forms part of the minutes</p>
<p><b>11. Year-end procedures</b></p>	<p>Appropriate accounting procedures used.          Financial trail from records to presented accounts.</p>	<p>Receipts and payments.          Overall bank balances agree with year-end statements</p>
<p><b>12. Annual return</b></p>	<p>Completion of sections of Annual return.</p>	<p>Sections 1 and 2 of the Annual Return were completed and signed at the time of audit.          Section 4 was completed by the internal auditor</p>
<p><b>13. Review internal controls</b></p>	<p>Date review completed.</p> <p>Previous internal and external reports minuted and considered by Council</p>	<p>Reviewed at a meeting of 20<sup>th</sup> March 2017. Control Measures Document seen.</p> <p>Whilst the Review of Internal Control Measures and Risk Management Arrangements state that the Internal and External Audit Reports have been presented to Council and considered there is no corresponding minute to this effect.</p> <p><b>Recommendation 2:</b> Council should minute that it has reviewed the report of the internal auditor and has taken action to address those areas identified for development or change.</p> <p><b>Recommendation 3:</b> Council should ensure that, with reference to the Accounts and Audit Regulations 2015 (Regulation 20), the annual audit letter received from the external auditor is</p>

		<b>considered and approved at a full meeting of the smaller authority.</b>
<b>14. Recommendations from previous internal audit – 31 March 2016.</b>	Date reviewed and action plan agreed. <ol style="list-style-type: none"> <li>1. Identification of S137 payments</li> <li>2. Use of legal powers for all transactions</li> <li>3. Submission of current budget position on a quarterly basis</li> <li>4. Review of pension duties</li> <li>5. Appointment of Internal Auditor within year under review</li> </ol>	Actioned Outstanding Outstanding  Actioned Actioned
<b>15. Additional comments</b>	Annual meeting:	The Annual Parish Council Meeting took place on 16 <sup>th</sup> May 2016 with the election of the new Chair taking place at Agenda Item 1.
	Appointment of internal auditor:	20 <sup>th</sup> March 2017
	Any trustee responsibilities:	None
	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 <sup>rd</sup> July 2017.
	Is the council registered with the ICO:	Yes - Registration Number: ZA048115

Signed ..... 

Date ..... 21/05/2017

On behalf of Suffolk Association of Local Councils