

**TOWN AND PARISH COUNCIL INTERNAL AUDIT TESTING**

**SHAROW PARISH COUNCIL**

**INTERNAL AUDIT REPORT**

**RFO: NICK REED**

**REVIEW: MAY 26<sup>TH</sup> 2020**

**YEAR ENDING: 31<sup>ST</sup> MARCH 2020**

<b>INTERNAL CONTROL</b>	<b>SUGGESTED TESTING</b>	<b>FINDINGS</b>	<b>RECOMMENDATIONS</b>
<b>PROPER BOOKKEEPING</b>	Is the cashbook maintained and up to date?	Yes – maintained on an excel spreadsheet.	
	Is the cashbook arithmetically correct?	Yes	
	Is the cashbook regularly balanced?	Yes – reconciled to bank statements when they are received.	
<b>A) STANDING ORDERS AND FINANCIAL REGULATIONS ADOPTED AND APPLIED; AND B) PAYMENTS CONTROLS</b>	Has the council formally adopted standing orders and financial regulations?	Yes – and they were reviewed and re-adopted at the Annual Parish Meeting on 20 <sup>th</sup> May 2019.	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Has a Responsible financial officer been appointed with specific duties?	Yes – Nick Reed has been appointed as parish Clerk. He works to a Job Description that was agreed in 2017.	
	Have items or services above the de minimus amount been competitively purchased?	Yes – the purchase of play equipment during the year exceeded the threshold for tenders required by Financial Regulations and six were sought, of which five were received. The Council entered into a contract with the lowest tenderer.	
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes – all payments made were recorded in the minutes of council meetings.	
	Has VAT on payments been identified, recorded and reclaimed?	Yes	
	Is s137 expenditure separately recorded and within statutory limits?	Yes – payments totalling £1100 were made during the year to St Johns Church and the Village Hall.	
<b>RISK MANAGEMENT ARRANGEMENTS</b>	Does a review of the minutes identify any unusual financial activity?	No	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Do minutes record the council carrying out an annual risk assessment?	Yes – the risk assessment was reviewed and re-adopted at the Annual Parish Meeting on 20 <sup>th</sup> May 2019. There is no mention of the new Play Area in this document but the council agreed at its 20 <sup>th</sup> January 2020 meeting to appoint a contractor to inspect the equipment on a monthly basis. In the minutes of the 16 <sup>th</sup> March 2020 meeting it was recorded that a Councillor was to draft a revised risk assessment and risk management policy.	
	Is insurance cover appropriate and adequate?	Insurance schedule from AXA for the year ending 31 <sup>st</sup> May 2021 seen. Cover includes £10m Public liability and employer's liability, £5m hirer's liability and £250k Money cover. In addition play area equipment and street furniture is covered at the values shown in the Asset register.	
	Are internal financial controls documented and regularly reviewed?	Yes – in the financial risk assessment.	
	(Burial Authorities only) Is the Council aware of the Ministry of Justice guidance on "Managing the Safety of Burial Ground Memorials"	Not applicable.	
<b>BUDGETARY CONTROLS</b>	Has the council prepared an annual budget in support of its precept?	Yes – at the 18 <sup>th</sup> November 2019 meeting the council approved a budget and set a precept for 2020-21 of £9,437 – an increase of £1,803 on 2019-20.	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Is actual expenditure against the budget regularly reported to the council?	Yes – and bank balances are reported at each meeting.	
	Are there any significant unexplained variances from budget?	No	
<b>INCOME CONTROLS</b>	Is income properly recorded and promptly banked?	The only income receivable was the precept, HMRC VAT refund, and a Localities Grant from the County Council. In addition “income” was received from the FCC Community Action Foundation when it paid the supplier direct the amount net of VAT for the new play equipment. All income was received by direct credit into the bank account.	
	Does the precept recorded agree to the Council Tax authority’s notification?	Yes	
	Are security controls over cash and near-cash adequate and effective?	No cash or near cash transactions.	
<b>PETTY CASH PROCEDURES</b>	Is all petty cash spent recorded and supported by VAT invoices/receipts?	The council does not have petty cash.	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Is petty cash expenditure reported to each council meeting?	Not applicable.	
	Is petty cash reimbursement carried out regularly?	Not applicable	
<b>PAYROLL CONTROLS</b>	Do all employees have contracts of employment with clear terms and conditions?	Yes – the Clerk has a contract of employment dated 29 <sup>th</sup> November 2017.	
	Do salaries paid agree with those approved by the council?	Yes – and the payroll is operated by a contractor.	
	Are other payments to employees reasonable and approved by the council?	Yes	
	Have PAYE/NIC been properly operated by the council as an employer?	Yes	
<b>ASSET CONTROLS</b>	Does the council maintain a register of all material assets owned or in its care?	Yes	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Are the assets and Investments registers up to date?	Yes – play equipment purchased during the year is included in the register.	
	Do asset insurance valuations agree with those in the asset register?	Yes	
<b>BANK RECONCILIATION</b>	Is there a bank reconciliation for each account?	Yes	
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes	
	Are there any unexplained balancing entries in any reconciliation?	No	
	Is the value of investments held summarised on the reconciliation?	Yes	
<b>YEAR-END PROCEDURES</b>	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Receipts and Payments basis used.	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes	
	Where appropriate, have debtors and creditors been properly recorded?	Not applicable	
<b>OTHER ISSUES</b>	Is the Council registered with the Information Commissioner?	Yes – registration number ZA435451 expiring 26 <sup>th</sup> June 2020.	
	What arrangements does the Council have for the back up of computer files?	Not reviewed at this year's audit.	
	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	No	
	Has the Council made arrangements to comply with the Transparency Code for smaller authorities?	Yes	