

# **Methwold Parish Council**

Internal Audit Report

For Methwold Parish Council

Financial Year 2017/18

Including Explanatory Notes for Annual Return  
(where a 'no' has been marked on page 4)

Prepared by M Bergin, 25 April 2018

I have completed an internal audit of the accounts for xxx Council for the year ending 31 March 2018.

My findings are detailed below using the tests provided in the Governance and Accountability for smaller authorities in England March 2018.

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes - spreadsheet
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	April 2018.
	Date Financial Regulations last reviewed	April 2018.
	Has a Responsible finance officer been appointed with specific duties?	Yes
	Have items or services above the de minimus amount been competitively purchased?	Yes
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is s137 expenditure separately recorded and within statutory limits?	There has been no S137 expenditure..
Have S137 payments been approved and included in the minutes as such?	Not applicable.	
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	No – reviews carried out by the appropriate committee.

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	Has the precept been calculated from the budget and been approved?	Yes
Income controls	Does the budget include an actual completed year?	Yes – normally but not this year due to unusual activity.
	Is actual expenditure against budget regularly reported to the council?	Yes
	Are there any significant unexplained variances from budget?	No
	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	Yes
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	There is no petty cash used.
	Is petty cash expenditure reported to each council meeting?	Not applicable
	Is petty cash reimbursement carried out regularly?	Not applicable
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes

Internal control	Test	Observations
	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
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes – April 2018
	Do asset insurance valuations agree with those in the asset register?	Yes
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes - monthly
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes - monthly
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	No investments
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cashbook?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Not applicable
	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes – relating to action required for interest payments.
Transparency: For smaller councils	Minutes for whole year on website?	Yes

Internal control	Test	Observations
with turnover under £25,000	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	In progress
	Electors' rights advertised on website?	In progress
	Councillors' responsibilities detailed on website?	In progress
	Last financial year's Annual Return on website?	In progress
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	In Progress
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	Yes
	Have fees for the cemetery been reviewed and agreed by Council?	Yes – due for review again in 2018.
	Were comparisons made with other cemeteries prior to setting the fees?	Yes
	Have burial books been kept up to date and are they safely stored?	Yes
Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	Not applicable
	Have fees for the allotments been reviewed and agreed by Council?	Not applicable
Councils with charities only	Have Charities reported and accounted separately?	Not applicable.
	Have the Charity accounts been independently audited?	Not applicable.
	Have the Charity accounts and Annual Return been filed within the legal time limit?	Not applicable.

**Summary of my recommendations:**

All documents relating to council practices were in very good order with evidence of regular review.

The cashbook is, of necessity, complicated. Due in the main to the ownership of a gifted building. Anything that can be done to make this less complicated will be helpful to all concerned.

A number of items are not, at present, available on the website, which I understand to be privately owned. Transparency legislation is clear and non-negotiable regarding what must be published and the Parish Clerk should take steps to ensure that all requirements of transparency legislation are complied with.

M Bergin

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Signed

25 April 2018

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Date