

Internal Audit Report

For  
Brampton and Oxnead Parish Council

Financial Year 2017-18

Including Notes  
for  
Annual Governance & Accountability Return

Prepared by  
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10 May 2018

I have completed an internal audit of the accounts for Brampton and Oxnead Parish 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 2018.

\* Supplementary Page 1 - Information to be published on the Council's website

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

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes <sup>i</sup>
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	September 2010 <sup>ii</sup>
	Date Financial Regulations last reviewed	December 2010
	Has a Responsible finance officer been appointed with specific duties?	Yes <sup>iii</sup>
	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
	Have legal powers been identified for purchases	No
	Has VAT on payments been identified, recorded and reclaimed?	Yes VAT paid in 2017-18 to be reclaimed .
	Is s137 expenditure separately recorded and within statutory limits?	N/A
	Have S137 payments been approved and included in the minutes as such?	No S137 payments made
Risk management	Does a review of the minutes identify any unusual financial activity?	No

Internal control	Test	Observations
arrangements	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	No – draft to be reviewed at next meeting
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	No – draft to be reviewed at next meeting
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes <sup>iv</sup> Minutes for January 2017 not seen
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Not recorded
	Are there any significant unexplained variances from budget?	Yes VAT reclaim included repayments for 2015-16
Income controls	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?	N/A
	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
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?	No <sup>v</sup>

Internal control	Test	Observations
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	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
	Where appropriate, are these inspected annually	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	Assets register is currently under review.
	Do asset insurance valuations agree with those in the asset register?	Yes <sup>vi</sup>
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes <sup>vii</sup>
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	No
Year-end procedures	Are year-end accounts prepared using the correct accounting basis - Receipts and Payments?	Yes
	Do accounts agree with the cash book?	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?	N/A
Procedural	Have the minutes been signed by the chairman	Yes
	Has the chairman initialled each page of the Minutes book	No <sup>viii</sup>

Internal control	Test	Observations
	Has the chairman signed the year end bank reconciliation	Yes (2016-17)
	Is eligibility for the General Power of Competence properly evidenced?	N/A
	Have points raised on the last Internal Audit report been considered by council ?	No – council acknowledged receipt but did not approve or take any action
Transparency: For smaller councils with turnover under £25,000  <b>See supplementary page 1</b>	Minutes for whole year on website?	One link not working and March 2018 o/s
	Agendas for whole year on website?	Yes
	Payments over £100 on website?	In minutes but best shown as separate document
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's Annual Return on website?	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	No
Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	N/A
	Have fees for the allotments been reviewed and agreed by Council?	N/A
Councils with charities only	Have Charities reported and accounted separately?	N/A
	Have the Charity accounts been independently audited?	N/A
	Have the Charity accounts and Annual Return been filed within the legal time limit?	N/A

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Signed

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Date

## **Supplementary Page 1**

### **Information which must be published on a Smaller Exempt Authority website**

Smaller Exempt Councils (under £25,000) are no longer required to have an External Audit (this is subject to certain conditions). External Audit is called "Limited Assurance Review".

### **Exempt authorities are subject to the Transparency Code and from 1st April 2015 they must:**

- Publish details of all expenditure above £100 – date, amount and purpose
- Publish end of year accounts, annual governance statement and internal audit report - by 1<sup>st</sup> July
- Publish Bank Reconciliation for the year end - by 1<sup>st</sup> July
- Publish an explanation of significant variations in the statement of accounts (i.e. page 6 of Part 2 AGAR - by 1<sup>st</sup> July
- Explain differences between the balances carried forward and the total cash balances if applicable -by 1<sup>st</sup> July
- Publish details of land and building assets it owns
- Publish all minutes within one month of the meeting
- Publish meeting agendas and relevant correspondence no later than 3 clear days before the meeting
- Publish councillor names and details of their roles

- i *Bank reconciliation with original bank statements to be signed at the same time and held on file*
- ii *It is highly recommended that both Standing Orders and Financial Regulations are reviewed this year*
- iii *Job description to be updated with regard to GDPR responsibilities*
- iv *The Budget having been approved should be signed and filed with the minutes*
- v *The Clerk's salary is reviewed annually. All changes should be noted in the minutes to correspond with payments made.*
- vi *Asset Register to be reviewed in June 2018 and recorded in minutes valuations net of VAT to be reconciled with insurance schedule*
- vii *See i) above*
- viii *Chairman to initial every page of the minutes and sign the final page of each meeting*