

**Little Abington Parish Council**

**Detailed Report for Parish Council by Internal Auditor:**

**Date: 05.05.17**

**Comments on internal control objectives (Page 5 of Annual Return). It may also be useful to refer to the JPAG 'Governance and Accountability for Smaller Authorities in England: March 2017'**

**Objective A:**

**Proper Book-keeping:**

The cashbook spreadsheet appears to have been maintained throughout the year accurately, and balanced regularly.

**Comment:**

- See note below re: VAT records.

**Objective B:**

**(a) Financial Regulations in place and applied:**

Financial Regulations were reviewed and agreed by the Council at its meeting on 23.05.16.

**Comments:**

- (*repeated from 2016*). No further action appears to have been taken on moving to **internet banking** at the time of internal audit, even though the Financial Regulations now contain agreed procedures. If steps are not taken to set up electronic authorisation of payments, the Council may experience increasing difficulty in paying suppliers by cheque.

- I understand there have been no meetings of the **Compliance Working Group** in 2016-2017, even though the group's terms of reference stipulate a minimum of 3 meetings per year. The Council may wish to re-consider the role of this group in planning, reviewing and financial control, and consider possible alternatives. (Also see Objective C below).

- The council meeting which took place on **12.09.16** was minuted as **inquorate** (it appears one councillor present had already resigned and two councillors were present via Skype). Decisions were taken at this meeting (ie: Agenda items 7.2 and 7.5) which presumably were invalid, according to Standing Orders: 3(v).

*If a meeting is or becomes inquorate no business shall be transacted and the meeting shall be closed. The business on the agenda for the meeting shall be adjourned to another meeting.*

The Council may wish to review the minutes of this meeting and take any necessary action.

**(b) Payments controls**

I found that payments appear to be supported by invoice, authorised and minuted.

**VAT**

VAT for the period to 06.16 to 03.17 has been reclaimed.

**Comments:**

- The VAT recorded in the cashbook and summary of Receipts and Payments as **paid** is understated by £16.84. VAT on small stationery purchases appears to have been omitted.

**General Power of Competence:**

**Comment:**

- I note that the Council passed a resolution at the annual PC meeting on 23.05.16 to confirm that it continues to meet the criteria for eligibility.

**Objective C:**

**Risk Management arrangements:**

I note a risk register (Risk Schedule) has been prepared. I could find no record in the minutes of insurance being reviewed by councillors prior to renewal but levels of cover appear to be generally appropriate and adequate.

**Comments:**

- One role of the **CWG** as listed is to '**review insurance and assets prior to policy renewal**'. If the CWG is to be discontinued, it is important that this process is carried out at some point, either before or during a meeting, and minuted.
- In my 2015-2016 report, I comment that, as the **Recreation Ground Committee** is a sub-committee of the Council, and receives a substantial precept each year from the Council, the Council may wish to consider requesting details of any yearly audit carried out on the committee's finances. If the committee is not subject to external audit, it would be prudent to request a regular internal audit.

**Objective D:**

**Budgetary controls:**

I note that a budgetary process appears to be in place with expenditure against the Budget reported to Council at each meeting.

**Objective E:**

**Income controls:**

Systems appear to be in place and satisfactory.

**Objective F:**

**Petty Cash:**

*[Petty Cash system not used so not applicable.]*

**Objective G:**

**Payroll controls:**

Systems for accounting for tax and NI appear generally adequate.

**Objective H:**

**Asset controls:**

The asset register was reviewed after the year-end in April 2016 with insurance values being revised as appropriate.

**Objective I:**

**Bank reconciliation:**

Periodic bank reconciliations as well as the end of year bank reconciliation appear to have been properly carried out.

**Objective J:**

**Year-end procedures:**

Year-end accounts have been prepared on the correct basis with a clear audit trail from underlying records to the accounts.

**Comment:**

- Re: the 'Explanation of Variances' form to be submitted with the Annual Return, the explanation for a variance of 18.26% for Box 6 (All Other Payments) may be confusing in that (a) it suggests increased spending has taken place, rather than £3k less, and (b) it includes details of income (VAT).

**Objective K:**

**Responsibilities as Trustee:**

I understand the Parish Council does not act as sole trustee for any trust funds or assets.

**Mike Gutteridge.**

**Internal Auditor. 05.05.17**