

Little Abington Parish Council

Detailed Report for Parish Council by Internal Auditor:

Date: 17.05.16

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 2016'

Objective A:

Proper Book-keeping:

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

Comment:

- Some cheque stubs were not initialled (Cheques 662,664 and 665).

Objective B:

(a) Financial Regulations in place and applied:

Financial Regulations were reviewed and agreed by the Council at its meeting on 18.05.15. 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.

Comments:

- If steps are not taken to set up electronic authorisation of payments, the Council may experience increasing difficulty in paying suppliers by cheque.

(b) Payments controls

I found that payments appear to be supported by invoice, authorised and minuted, apart from the following:

The spreadsheet 'CGM payments 2015-2016' listing payments to the grass-cutting contractor does not appear to match actual payments listed in the cashbook, and showing on bank statements.

Comment:

- The above discrepancies should be investigated to ensure there is a clear audit trail for all payments by cheque or standing order to this contractor.

VAT

VAT for the period to 05.16 has been recorded and reclaimed.

Comments:

- For cheque 658, VAT may not be recoverable in that the invoice is not addressed to the Parish Council.

Section 137 expenditure/General Power of Competence:

I understand the Council has opted to use the General Power of Competence rather than Section 137 as a means of taking action for the benefit of the area.

Comment:

- A condition for eligibility to use this power is that the Council passes a resolution at each annual meeting to confirm that it continues to meet the criteria for eligibility. The signed paper version of the minutes shows no such resolution to have been passed at the annual meeting on 18.04.15, but the electronic version on the website does. **The discrepancy between these two documents should be investigated.**

Objective C:

Risk Management arrangements:

The Risk Management Policy has been reviewed. I note a risk register was to be prepared before agreeing the new insurance policy, but I understand the register is now pending. Insurance cover is reported to have been reviewed and appears to be generally appropriate and adequate.

Comment:

- Regarding the Risk Register, the Council may wish to:
(1) include reference to details of risk management, policies etc put in place by the Recreation Ground Committee
(2) indicate items where the Council may be reliant on insurance cover being provided by another body (eg: interactive signs)

I note the Recreation Ground Committee has supplied details of insurance arranged by the committee and together with a copy of its constitution.

Comment:

- 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 the yearly audit carried out on the committee's finances, together with a copy of the auditor's report, if there is one.

Objective D:

Budgetary controls:

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

Objective E:

Income controls:

Systems appear to be in place and satisfactory.

Comment:

- The small amount of interest on funds in the Cambridge Building Society account appears to have been incorrectly taxed again in 2015-2016, although I understand future amounts will be paid gross. Tax paid over recent years should be reclaimed if possible.

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.

- I note evidence that the Clerk's hours are now being tracked accurately.
- I understand the Clerk's contract has not yet been reviewed and the associated job description still requires updating. Council should also be aware that the new Financial Regulations stipulate that 'an effective system of personal performance management should be maintained'. (Par 7.6) *[Comment repeated from 2014-2015]*

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.

Comment:

- There is a small error on the bank reconciliation pro forma which should be corrected. Closing balance per cash book is **£18990.31** (not £18990.32)

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.

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.

17.05.16