

**Little Abington Parish Council**

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

**Date: 25.05.15**

**Comments on internal areas of control (Page 5 of Annual Return). It may also be useful to refer to the JPAG 'Governance and Accountability for Local Councils – A Practitioners' Guide (England): March 2014'**

**Objective A:**

**Proper Book-keeping:**

The cashbook spreadsheets appear to have been maintained throughout the year accurately, and balanced regularly.

**Comment:**

- Cancelled cheque 603 was not listed on the spreadsheet.

**603 was incorrectly written cheque to CAPALC**

**Objective B:**

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

I understand new Financial Regulations have been adopted, with procedures relating to internet banking. *(I note no further action appears to have been taken on moving to internet banking at the time of internal audit, even though Council agreed to recommend implementation at its meeting on 28.05.14).*

**Comments:**

- Re: internet banking (when in place), detailed and documented procedures should be drawn up to ensure adequate financial controls are in place (as listed in Financial Regulations: Par 6.10-6.16)
- See comments in **Objective G**.

**(b) Payments controls**

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

**Comment:**

- a voucher for £25 was bought and claimed as expenses but not formally minuted as authorised by the Council.

**Agreed**

**VAT**

VAT for the period to 03.15 has been recorded and reclaimed.

**Section 137 expenditure:**

Section 137 expenditure is recorded and appears to be within statutory limits.

**Objective C:**

**Risk Management arrangements:**

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

**Comment:**

- I note the CWG recommended at its meeting on 24.04.14 (item 8) that the Council should review **risk management procedures and insurance arranged by the Recreation Ground Committee**, but no further action appears to have been taken, including examination of the Recreation Ground Committee's latest insurance policy.

**Rec Gnd Committee has been asked for insurance details, risk mangement policy copy of annual accounts**

**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. The following comment is repeated from my report for 2012/2013 and 2013/2014.

**Comment:**

● As in 2013-2014, the small amount of interest on funds in the Cambridge Building Society account appears to have been incorrectly taxed. This should be reclaimed and arrangements made for future amounts of interest to be paid gross.

**CLERK TO ADDRESS**

**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 comments that the Clerk's hours have not been tracked or recorded accurately (ref: notes on CWG April 2015 Meeting), leading to possible under-reporting. It is important that an accurate record is kept, particularly if the Clerk is to take on extra responsibilities (eg: website updating, record storage). **AGREED**

● I understand the Clerk's contract has not been reviewed for many years and the associated job description may require 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) **CLERK'S CONTRACT IS DATED 2005**

**Objective H:**

**Asset controls:**

The asset register was reviewed at the meeting of the CWG in April 2014, and again in April 2015.

**Comments:**

● Most insurance values on the asset register have remained unchanged since 2012, eg: Cambridge Road bus shelter, litter bins, strimmer, although I would think replacement costs have risen over the past 3 years. **REVIEWED IN MARKET TESTING FOR INSURANCE CONTRACT**

● The figure for total fixed assets in Box 9 of the Draft Annual Return, Page 2, (£18347) does not match current total sums insured or total value on the asset register. **ERROR CORRECTED**

**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, but I note the following:

- There appear to be incorrect final balances and other associated figures pencilled in on Page 2 of the Draft Annual Return which require adjustment before signing off by the Council. **CORRECTED**

**Boxes 7/8: (2014) should be £17189**

**Box 1: (2015) should be £17189**

**Box 9: does not appear to match total figures on the Asset Register.**

- On the draft 'Explanation of variances' proforma, the detailed explanation of variances for Box 6 and 9 are confusing **and may be queried by the external auditor.**

**For Box 6, the explanation suggests the 2014/2015 total has increased. The reason for the actual 19% decrease seems to be the result of lower S137 expenditure, and a lower figure for capital items in 2014/2015.**

**For Box 9, the bus shelter and the noticeboard costs totalled £4943, rather than £3500. **REVIEWED****

**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.**

**25.05.15**