

Internal Audit Report
Year ending: 31st March 2020

Name of Council:	Yoxford Parish Council
Income:	£17,640.38
Expenditure:	£13,369.38
Precept Figure:	£14,167
General Reserve:	£7,050
Earmarked Reserves:	£12,295.64

Internal Audit Objectives and Responsibilities

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council, and to achieve this will adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data

Accordingly, in the conduct of planned audits Internal Audit may:

- Carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2019/20 of the Annual Governance and Accountability Return (AGAR)
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- Appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- Review the established systems to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations, and determine whether the council complies
- Review the operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used	End-of-year Accounts are prepared on a Receipts and Payments basis and were in good order. The Cashbook is maintained on a spreadsheet and is very well referenced
	Cash book kept up to date and regularly verified against bank statement	The cashbook is updated monthly and verified against bank statements.
	Correct arithmetic and balancing	Arithmetic and balancing were in order.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	<p>Standing Orders have been reviewed by the Council at their meeting on 6/2/20, however they are not NALC Model Standing Orders.</p> <p>Recommendation: To adopt the Model Standing Orders issued by NALC which incorporate or reference the requirements of any new legislation that has been introduced, including amendments to the Local Government Act 1972, the Local Government (Transparency Requirements), Public Contracts Regulations and changes to Data Protection Legislation.</p>
	Evidence that Financial Regulations have been adopted and reviewed regularly	<p>Financial Regulations have been reviewed by the Council at their meeting on 6/2/20, however they are not the NALC Model Financial Regulations.</p> <p>Recommendation: To adopt the Financial Regulations issued by NALC which incorporate or reference the requirements of any new legislation that has been introduced.</p>
	Evidence that a Responsible Financial Officer has been appointed with specific duties	At their meeting on 16/5/19, the Council approved the continuation of the Clerk as Responsible Financial Office
	Evidence that Financial Regulations have been tailored to the Council	Financial Regulations have been tailored to the Council.

3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework Evidence seen to support paperwork for payments and appropriate authorisation.
	Internet Banking transactions properly recorded/approved	N/A
	VAT correctly identified and reclaimed within time limits	VAT has been correctly identified and reclaimed within the time limits. Documentation seen for Vat reclaim 3 rd April 2019 - 31/10/19 for £766.06.
	Has Council adopted the General Power of Competence and is it being correctly applied?	The General Power of Competence has not been adopted.
	S137 separately recorded, minuted and within statutory limits	The Council agreed to donate £100 to the Coastal Accessible Transport Service at their meeting on 7/11/20 and this was correctly identified in the minutes and the cashbook as a Section 137 payment.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	N/A
4. Risk Management	Is there evidence of risk assessment documentation?	Full Risk Assessment documentation seen and approved by Council at their meeting on 5/9/19.
	Evidence that risks are being identified and managed.	The audit review confirmed that the assessments provide a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified. At their meeting on 5/8/19, the Council showed good practice by noting the play equipment report and agreeing to take the necessary action.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Appropriate insurance cover is in place including £50,000 of Fidelity cover which is in line with the recommended guidelines of year end balances plus 50% of the precept/grants. £10million of Public Liability and Employers Liability insurance held.

	Evidence that insurance is adequate and has been reviewed on an annual basis	Assets are not listed individually but covered under 'all risks' to the value of £100,000 which covers their asset value of £89,067.35. At their meeting on 5/9/20 the Council approved the insurance renewal quotation from Community Action Suffolk and took up the offer of a Long Term Undertaking for 3 years.
	Evidence that internal controls are documented and regularly reviewed	The Internal Audit work undertaken confirmed that during the 2019/20 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control. These were reviewed at their meeting on 5/3/20.
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	No evidence seen of a separate review of the effectiveness of their internal audit. Recommendation : Council should include in their minutes that they have reviewed the effectiveness of the internal audit during the year of audit. Statutory guidance from Accounts and Audit Regulations 2015 regulation 5.
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	Good budgetary procedures were in place during the year 2019/20. Examination of the accounts and supporting documentation for the period under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates were used effectively for financial control and budgetary control purposes. The Clerk/RFO provided the Council with a Quarterly summary of all receipts and payments and spending compared to budgets. Details included in the minutes of 3/1/19.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The precept amount was agreed in full Council and the precept decision and amount of £14,167 have been clearly minuted.
	Regular reporting of expenditure and variances from budget	Minutes include that income and expenditure figures are circulated at each meeting. The Council receives a full quarterly financial report from the RFO.

	Reserves held General and Earmarked.	Council receives a monthly report on reserves held. As at 31/3/2020 General £7,050 and Earmarked £12,295.64
6. Income controls	Is income properly recorded and promptly banked?	Income is properly recorded in the cashbook and promptly banked.
	Is income reported to full Council?	Income is reported to Council monthly and noted in a separate financial summary which is appended to the minutes.
	Does the Precept recorded agree to the Council Tax Authority's notification?	The Precept recorded of £14,167 agrees to the Council Tax Authorities notification as was noted in the minutes.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	
	<ul style="list-style-type: none"> • Is CIL income reported to Council? 	CIL income is included in the monthly financial report.
	<ul style="list-style-type: none"> • Does unspent CIL income form part of Earmarked reserves? • Has an annual report been produced 	On 07/11/19 the Council agreed to ring-fence the CIL receipts of £5,624.79 for the Village Hall refurbishment programme. The District Council confirmed this proposed expenditure is in accordance with the legislation.
	<ul style="list-style-type: none"> • Has it been published on the authority's website 	An Annual report is published on the Council's website.
7. Petty Cash	Is a petty cash in operation?	No petty cash is used.
	If so, is there an adequate control system in place.	N/A
8. Payroll controls	Do all employees have contracts of employment?	Contract of employment seen for the Clerk/RFO.
	Are arrangements in place for authorising of the payroll and payments by the Council?	Payslips are checked by 2 Councillors and noted in the minutes. Copy of P60 seen for the Clerk.
	Verifying the process for agreeing rates of pay to be applied.	The Clerks salary was approved at £11.22 per hour at the meeting on 5/9/19.

	Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	Regular payments have been made to HMRC and detailed pay slips are produced.
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	The Council noted the re-declaration of compliance with the Pensions legislation – 6/2/20.
	Are other payments to employees reasonable and approved by the Council?	All other payments to employees are reasonable and approved by the Council.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. The total value of £89,067.35 has been correctly entered into Box 9 of Section 2 of the AGAR (Annual Return).
	Verifying that the Asset Register is reviewed annually	The Council reviewed its asset register at their meeting on 5/3/20.
	Cross checking of Insurance cover	Insurance was in place for the year of account. At its meeting on 5/3/20 the Council reviewed the insurance renewal document and compared it to the Asset Register. The Council agreed the cover provided.
10. Bank reconciliation	Regularly completed and reconciled with cash book	The Council displays many examples of good financial practice including regularly completing bank reconciliations which are reconciled with the cashbook.
	Confirm bank balances agree with bank statements	Bank statements were provided which agree to the bank balances on the annual bank reconciliation. It is noted that the bank statement for NP & I is only issued annually on 31 st December, further statements must be requested in writing. Comment: Please arrange for a statement as at 31 st March to be issued
	Regular reporting of bank balances at council meetings	Bank balances are reported to the Council on a monthly basis.

11. Year-end procedures	Appropriate accounting procedures used	The Receipts and Payments system is used.
	Financial trail from records to presented accounts	A financial trail from records to presented accounts has been verified.
	Has the appropriate end of year AGAR documents been completed?	Section 1 The Annual Governance Statement and Section 2 The Accounting Statement have been completed.
	Where an authority certified itself exempt in 2018/19, did it met the exemption criteria and correctly declared itself exempt?	Council meets the qualifying criteria as set out in the Certificate of Exemption and are exempt from sending the completed AGAR to the external auditor for a limited assurance review.
	During the Summer 2019 did the smaller authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations?	The Council provided for the exercise of public rights from 17 June 2019 to Friday 26 July 2019.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The council have met their obligations under the Audit and Accounts Regulations by publishing the required information on their website www.yoxford.org.uk
12. Internal audit for the year ending 31 March 2019	Verifying that the previous internal audit reports have been considered by the Council	The Internal Audit report for the previous year (2018/19) was considered by the Council at its meeting on 4/7/2019.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	No matters of concern had been raised in the report.
	Confirmation of appointment of Internal Auditor	The Council appointed SALC as their internal auditor on 7/11/20.

13.External audit for the year ending 31 March 2019	Verifying that the external audit report has been considered by the Council	The Council declared itself exempt from an external audit.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	N/A
14. Additional Comments	Annual meeting - held in accordance with legislation	The Council's minutes are extremely well presented and provide clear evidence of the decisions taken by the Council in the year. The first item on the agenda for the Annual meeting is the appointment of the chairman.
	Correct identification of trustee responsibilities	N/A
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	The Internal Auditor was able to confirm that the required documents were readily accessible on the Council's webpage.
	Verifying that the council is registered with the ICO	The Council minutes on 4/4/20 that it is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under current Data Protection legislation (Registration Ref: ZA178335).
	Verifying that the Council is compliant with the General Data Protection Regulation requirements Are the following in place: <ul style="list-style-type: none"> • Audit / Impact Assessment • Privacy Notices • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies 	The Council demonstrated good data protection practice by publishing the following documents on their website: Privacy notice, SAR and Personal Data Audit. Recommendation: to fully comply with the GDPR the Council should adopt and publish an Audit/Impact Assessment, procedure for dealing with data breaches and a data retention and disposal policy.

I would like to record my appreciation to the Clerk/RFO for her help with the audit and for providing all the necessary documents, scanned and clearly labelled or on the website.

Signed.....

Date of Internal Audit Visit

Date of Internal Audit Report.....

On behalf of Suffolk Association of Local Councils