Annual Internal Audit Report 2018/19

LONGHAM PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2019.

The internal audit for 2018/19 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. *("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)*	✓		
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓

	Yes	No	Not applicable
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).
PETTY CASH PROCEDURES ARE NOT USED BY THIS COUNCIL

Date(s) internal audit undertaken
02/05/2019

Name of person who carried out the internal audit
M. BERGIN

Signature of person who carried out the internal audit

Date 02/05/2019

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Longham Parish Council

Internal Audit Report

For Longham Parish Council

Financial Year 2018/19

Including Explanatory Notes for Annual Governance and Accountability Return
(where a 'no' has been marked on page 4)

Prepared by M Bergin, 2 May 2019

I have completed an internal audit of the accounts for Longham Parish Council for the year ending 31 March 2019.
My findings are detailed below using the tests provided in the Governance and Accountability for Smaller Authorities in England March 2018.

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

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes – spreadsheet
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	July 2018
	Date Financial Regulations last reviewed	July 2018
	Has a Responsible finance officer been appointed with specific duties?	Yes
	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
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is s137 expenditure separately recorded and within statutory limits?	No expenditure
	Have S137 payments been approved and included in the minutes as such?	No expenditure
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Yes – July 2018

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	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?	Yes
	Are there any significant unexplained variances from budget?	No
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?	Not applicable
	Is petty cash expenditure reported to each council meeting?	Not applicable
	Is petty cash reimbursement carried out regularly?	Not applicable
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?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes

Internal control	Test	Observations
	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
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes – July 2018
	Do asset insurance valuations agree with those in the asset register?	Yes
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes- monthly
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes – monthly
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Not applicable
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cashbook?	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?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Not applicable
	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes

Internal control	Test	Observations
	Payments over £100 detailed on website?	Yes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Not applicable
	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)	Yes
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	Not applicable
	Have fees for the cemetery been reviewed and agreed by Council?	Not applicable
	Were comparisons made with other cemeteries prior to setting the fees?	Not applicable
	Have burial books been kept up to date and are they safely stored?	Not applicable
Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	Not applicable
	Have fees for the allotments been reviewed and agreed by Council?	Not applicable
Councils with charities only	Have Charities reported and accounted separately?	Not applicable
	Have the Charity accounts been independently audited?	Not applicable
	Have the Charity accounts and Annual Return been filed within the legal time limit?	Not applicable

Summary of my recommendations:

Following the appointment of a new Parish Clerk all areas audited this year show a great improvement on last year and all matters raised by the previous auditor have been addressed.

M Bergin

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Signed

2 May 2019

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Date