

Report to The Saxhams Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2018

1. Summary

1.1 During the 2017/18 year the Parish Council maintained effective governance arrangements. The Internal Audit review has also confirmed the overall adequacy of the financial arrangements in place within the Council. The Clerk to the Council, Lisa Gleave, resigned her position as from 30 September 2017. The current Clerk, Michelle Thompson, was appointed by the Council at its meeting on 21 September 2017 and took up her duties from 1 October 2017.

1.2 By examination of the 2017/18 accounts and supporting documentation it was confirmed that each Clerk in post, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced appropriate financial management information to enable the Council to make well-informed decisions.

The Accounts for the year confirm the following:

Total Receipts for the year: £9,130.13
Total Payments in the year: £9,108.63
Total Reserves at year-end: £6,811.95

1.3 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk for inclusion in Section 2 - Accounting Statements (rounded for purposes of the Return):

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| <i>Balances at beginning of year (1 April 2017):</i> | <i>Box 1: £6,790</i> |
| <i>Annual Precept 2017/18:</i> | <i>Box 2: £6,000</i> |
| <i>Total Other Receipts:</i> | <i>Box 3: £3,130</i> |
| <i>Staff Costs:</i> | <i>Box 4: £1,392</i> |
| <i>Loan interest:</i> | <i>Box 5: £0</i> |
| <i>All Other payments:</i> | <i>Box 6: £7,716</i> |
| <i>Balances carried forward (31 March 2018):</i> | <i>Box 7: £6,812</i> |
| <i>Total cash/short-term investments:</i> | <i>Box 8: £6,812</i> |
| <i>Total fixed assets:</i> | <i>Box 9: £20,652</i> |
| <i>Total borrowings:</i> | <i>Box 10: £0</i> |

1.4 The Accounts for the year ending 31 March 2018 were approved by the Council at its meeting on 17 May 2018. The Internal Auditor has completed the Annual Internal Audit Report 2017/18 within the AGAR.

1.5 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. Comments and any recommendations arising from the review are made below.

2. Proper book-keeping (examination of entries in the Cash Book, regular reconciliation of books and bank statements and supporting vouchers, invoices and receipts).

2.1 The Cashbook is maintained on a Spreadsheet and is well referenced and provides a good audit trail to the Bank Statements, the Cheque Book counterfoils and the financial information prepared by the Clerk. These documents provided good evidence in support of the receipts and payments in the year. The cheque counterfoils prior to cheque 100280 dated 15 October 2017 were not available to Internal Audit; transactions in the period 1 April 2017 to 15 October 2017 were accordingly confirmed through entries in bank statements.

2.2 A sample of payments in the year was closely examined and were found to be in order with supporting invoices and vouchers in place.

2.3 VAT payments are separately identified and tracked within the accounts to assist future reclaims to HMRC. Payments made under the Local Government Act 1972 Section 137 are separately identified.

3. Financial regulations and Standing Orders (examination of Financial Regulations and Standing Orders, Tenders where relevant, appropriate payment controls including acting within the legal framework with reference to Council Minutes. Identifying VAT payments and re-claims. Cheque books, paying in books and other relevant documents).

3.1 Standing Orders and Financial Regulations are in place. The Clerk/RFO has advised Internal Audit that both Standing Orders and Financial Regulations are to be reviewed during 2018/19 in order to ensure that they are up-to-date and accord with the latest model Standing Orders and Financial Regulations published by the National Association of Local Councils (NALC).

3.2 Mrs Michelle Thompson was formally appointed as the Council's Clerk and Responsible Financial Officer (RFO) at the meeting held on 21 September 2017 (Minute 14 refers).

3.3 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year.

3.4 The Council is not currently registered with the Information Commissioner's Office (ICO) as a Data Controller for the provision of council services.

Recommendation: In view of the application of the General Data Protection Regulations as from 25 May 2018, the Council should register with the Information Commissioner's Office (ICO) as a Data Controller for the provision of council services under current Data Protection legislation.

3.5 The reimbursement from HMRC of £598.65 VAT paid in the period 23 February 2016 to 31 December 2016 was received at bank on 7 April 2017. The reimbursement from HMRC of £528.66 VAT paid in the period to 31 December 2017 was received at bank on 25 January 2018.

3.6 The Council is working to the Suffolk Local Code of Conduct. The Clerk/RFO has advised Internal Audit that the Council will be invited to re-adopt the Code at its meeting in June 2018.

4. Internal Control & the Management of Risk (Review by Council of the effectiveness of internal controls, including risk assessment, and minuted accordingly)

4.1 At its meeting on 22 June 2017 the Council considered the Risk Assessment document and agreed that the risks had been properly assessed and that suitable control systems were in place (Minute 8 refers). The document provides a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified. The Risk Assessment document may require additions to identify the risks involved, and the mitigating actions in place, in relation to the new General Data Protection Regulations.

4.2 The Annual Governance Statement was considered and agreed by the Council at its meeting on 22 June 2017. The Council agreed the systems in place for managing financial risks. Minute 9 records that the Council reviewed the systems of internal control and agreed the Annual Governance Statement.

4.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

4.4 Insurance was in place for the year of audit. At its meeting on 21 September 2017 the Council considered the renewal premium from Hiscox Insurance and the amount of £280 was accepted. The Council noted that it has two years remaining under the long-term agreement. Public Liability cover stands at £10m. and Fraud and Dishonesty cover stands at £150,000 which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants received.

5. Transparency Code (Compliance for smaller councils with income/expenditure under £25,000)

5.1 The Saxhams Parish Council is designated as a 'Smaller Council'. The Council's web-site is: <http://thesaxhams.onesuffolk.net/>

5.2 Smaller authorities should publish on their web-site:

- a) All items of expenditure above £100:
Published – Yes

- b) Annual Governance Statement, Annual Return, Section One:
Published (2016/17) – Yes
- c) End of year accounts, Annual Return, Section Two:
Published (2016/17) – Yes
- d) Annual Internal Audit report within Annual Return:
Published (2016/17) – Yes
- e) List of councillor or member responsibilities:
Published – Yes
- f) Details of public land and building assets:
Published (2016/17) – Yes
- g) Minutes, agendas and meeting papers of formal meetings:
Published – Yes

5.3 The Council is complying with the requirements of the Transparency Code.

6. Budgetary controls *(Verification of the budgetary process with reference to Council Minutes and supporting documents)*

Precept 2017/18: £6,000 (16 November 2016, Minute 14 refers).

Precept 2018/19: £6,000 (16 November 2017, Minute 11 refers).

6.1 The precepts were agreed in full Council and the precept decision and amount has been clearly Minuted. The Clerk ensures the Council is aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions.

6.2 Good budgetary procedures are in place. Examination of the accounts and supporting documentation confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates can be used effectively for financial control and budgetary control purposes.

6.3 The level of Reserves as at 31 March 2018 amounted to £6,812 and are sufficient to meet, within reason, any unforeseen items of expense that may occur.

7. Income controls *(Regarding Precept and other income, including credit control mechanisms)*

7.1 Receipts recorded in the Cashbook were cross referenced on a sample basis with the bank statements and were found to be in order.

8. Petty Cash *(Associated books and established system in place)*

8.1 No Petty Cash is held; an expenses system is in place with supporting paperwork.