

July 25, 2017

## **Berrynarbor Parish Council Internal Audit Report 2016/17**

Testing was carried out using sampling and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity.

The findings are reported below:

### ✓ **Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- a general and financial risk assessment covering the council's activities
- a statement of internal control
- annually review any charges for services whether or not they are increased and record this in minutes.

Councils under £25,000 turnover are legally required to publish on a website information required by the Transparency Code for Smaller Authorities 2014

- Website disclosure of information is required for those whose turnover is below £25,000 and we will more vigorously test in 2016-17

Councils should have in place and periodically review:

- standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation
- financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors must have addressed the expectations in Appendix 10 of Governance and Accountability and have put in place arrangements for the annual review of wider definition "money" covered in Appendix 10.

***Generally satisfactory, however Risk Assessment should include all parish risks and not just financial ones. As detailed at the last audit, the clerk should not be a cheque signatory and the clerk to check if this would invalidate the fidelity guarantee insurance cover.***

### • **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

**Satisfactory. The actual precept figure should be minuted and not the percentage increase only.**

✓ **Other Receipt or Income**

A sample of other receipts was tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment

**Satisfactory. No issues**

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council
- Additional hours worked were approved and supported by time records
- Employees are paid in accordance with contractual obligations and on the correct pay date
- Employees have a written statement of principal terms and conditions
- That PAYE and NI are operated and paid promptly

**Satisfactory. No issues.**

✓ **Payments including Bank**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim or other appropriate documentation
- Grant payments are subject to a proof of need assessment and are required to be evidenced as spent for the approved purpose and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared
- Where payments are made other than by cheque with 2 councillor signatories the council has considered and actioned the requirements of appendix 10 of Governance and Accountability and have documented the process followed and annually review the control of wider definition "money".

**Satisfactory. No issues.**

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

**Insurance satisfactory. See assets below.**

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date

- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases

***The additions to the asset register were agreed, but the base figure cannot be confirmed as accurate. This is a work-in-progress by the new clerk and as a result, the previous year's figure cannot be restated in line with the external auditor's recommendation.***