

Honingham Parish Council

Internal Audit Report

For Honingham 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, 22 May 2019

I have completed an internal audit of the accounts for Honingham 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
	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	13 March 2019
	Date Financial Regulations last reviewed	12 March 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 this year
	Have S137 payments been approved and included in the minutes as such?	N/A
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 – 13 March 2019 for review March 2020

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?	N/A
	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
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 – April 2019
	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
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
Year-end procedures	Is the value of investments held summarised on the reconciliation?	N/A
	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 – including data protection regulation.	Is eligibility for the General Power of Competence properly evidenced?	N/A
	Has the council adopted a data protection policy?	Yes – 12 March 2018
	Has the council appointed a data protection officer?	Yes

Internal control	Test	Observations
Transparency: For smaller councils with turnover under £25,000	Has the council carried out an information audit?	Yes
	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes
	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	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)	After approval by Council will be entered on website.
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/A
	Have fees for the cemetery been reviewed and agreed by Council?	N/A
	Were comparisons made with other cemeteries prior to setting the fees?	N/A
	Have burial books been kept up to date and are they safely stored?	N/A
Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	N/A
	Have fees for the allotments been reviewed and agreed by Council?	N/A

Internal control	Test	Observations
Councils with charities only	Have Charities reported and accounted separately?	N/A
	Have the Charity accounts been independently audited?	N/A
	Have the Charity accounts and Annual Return been filed within the legal time limit?	N/A

Summary of my recommendations:

All aspects of the Council's processes and procedures show considerable improvement over the past year. In particular, the website is now very informative for the benefit of parish residents.

There is now a comprehensive asset list that has been constructed by the Parish Clerk and, after approval by Council it will be placed on the website. It should show for larger items the full description, location, owner and value. Smaller items (eg. Garden tools and machinery) could be grouped and a value for the group shown. For items such as dog and waste bins it may be preferable to list each one with the location to ensure residents are informed of their whereabouts in the parish.

The improvements mentioned indicate a considerable amount of work has been done over the past year and thanks are due to all concerned.

M Bergin

22 May 2019

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Signed

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Date