Internal Audit Report
Year ending: 31st March 2020

Name of Council:	Holton Parish Council
Income:	£14697
Expenditure:	£8155
Precept Figure:	£12,141
General Reserve:	£3600
Earmarked Reserves:	£10250

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.
	Cash book kept up to date and regularly verified against bank statement	The cashbook is up to date to 31/3/2020 and regularly verified against bank statements.
	Correct arithmetic and balancing	Arithmetic and balancing were correct.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	Up to date NALC Model Standing Orders adopted 8/5/19 and published on the Council's website.
	Evidence that Financial Regulations have been adopted and reviewed regularly	Up to date NALC Financial Regulations adopted 8/5/19 and published on the Council's website.
	Evidence that a Responsible Financial Officer has been appointed with specific duties	Clerk appointed as Responsible Financial Officer 8/5/19.
	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	A selection of random payments were selected and cross checked against chequebook, cashbook, bank statements, invoices and minutes. All were found to be in order. Payments and receipts are listed in the Council's minutes as part of the overall financial control framework
	Internet Banking transactions properly recorded/approved	N/A
	VAT correctly identified and reclaimed within time limits	VAT reclaim for period 1st April 2019 -31st March 2020 for £113.40 agrees with the cashbook.

	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	Payment on 8/5/19 to SARS was minuted and noted in the cashbook. This expenditure falls within this capped limit.
	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?	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 the meeting on 8/1/20 the Clerk outlined measures to be taken following completion of risk assessment work and confirmed that all checks were completed, following the review of procedures undertaken previously by members.
	Evidence that risks are being identified and managed.	The Council shows good practice by arranging for an independent playground inspection. On 8/5/19 it was noted that the Parish Council was awaiting the ROSPA report for the Children's Playground and they will consider the child proof gate provision at their next meeting together with any other identified shortcomings.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Appropriate insurance cover is in place with £10 million of both Public and Employers Liability. Assets are covered under 'all risks' in the band £20.000 - £50,000. Comment : The clerk is aware that the £25,000 of Fidelity Insurance cover is not in line with the recommended guidelines of year end balances plus 50% of the precept/grants and will be addressing this at the Council's next meeting.
	Evidence that insurance is adequate and has been reviewed on an annual basis	Insurance was reviewed on 13/11/19 and it was noted that 2019/20 is year 1 of a 3 year undertaking.
	Evidence that internal controls are documented and regularly reviewed	At their meeting on 8/1/20 a full review of internal control procedures was undertaken by members and summarised by the Clerk. 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.
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	No evidence seen that a review of the effectiveness of internal audit has been carried out. **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	Budget papers were prepared and agreed by the Council at their meeting on 2/1/19.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The precept of £12,141 was agreed in full Council and the precept decision and amount have been clearly minuted.
	Regular reporting of expenditure and variances from budget	The Council showed good practice as the Clerk/RFO provided the Council with a quarterly summary of all receipts and payments and spending compared to budgets.
	Reserves held General and Earmarked.	The following reserves were held: General £3,600 Earmarked £10,250
6. Income controls	Is income properly recorded and promptly banked?	Income is properly recorded in the cashbook and noted in the minutes.
	Is income reported to full Council?	Income is reported to full Council in the minutes.
	Does the Precept recorded agree to the Council Tax Authority's notification?	The precept figure of £12,141 cross checks against the bank statement and figures recorded in the minutes.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	
	• Is CIL income reported to Council?	2 payments from East Suffolk Council CIL were recorded in the minutes and cashbook of : 8/5/19 £1,121.83 and 13/11/19

	• Does unspent CIL income form part of Earmarked reserves? • Has an annual report been produced • Has it been published on the authority's website	£60.00 during the audit year, however the CIL report only noted the £60 payment.
		An annual report has been produced.
		The report has not been published on the authority's website. **Recommendation: The authority must prepare a report for the financial year, which must include the CIL receipts and expenditure for the year and the total amount of CIL funds retained at the end of the financial year. This report must be published on the Council's website.**
7. Petty Cash	Is a petty cash in operation?	No petty cash held
	If so, is there an adequate control system in place.	N/A
8. Payroll controls	Do all employees have contracts of employment?	No evidence seen.
	Are arrangements in place for authorising of the payroll and payments by the Council? Verifying the process for agreeing rates of pay to be applied.	The payroll is administered by SALC.
	Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	PAYE is operated in accordance with HMRC regulations and paid promptly.
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	There are no evidence that the Council is aware of is pension responsibilities in the minutes for this financial year, however the internal audit for 2018/19 noted 'Council is aware of its pension responsibilities and a Declaration of Compliance as signed in September 2017 was seen during the internal audit review'. Comment: Council may wish to note in the minutes, on an annual basis, its responsibilities under the legislation for work

		place pensions and note if they have completed a Declaration of Compliance under The Pensions Act 2008.
	Are other payments to employees reasonable and approved by the Council?	Other payments to employees are reasonable and approved by 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. Assets are displayed at original purchase cost or, where the original purchase price is unknown, at a nominal/community value. The total value of £37,827 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 maintains good practice by reviewing their asset register annually and this was noted in the minutes of 13/11/19.
	Cross checking of Insurance cover	Insurance was in place for the year of account. At its meeting on 13/11/2019 the Council reviewed the insurance renewal document and compared it to the Asset Register.
10.Bank reconciliation	Regularly completed and reconciled with cash book	Bank reconciliations are regularly completed and noted in the minutes at each bi-monthly Council meeting. This is very good practice.
	Confirm bank balances agree with bank statements	The following bank balances agree with the annual bank reconciliation: Barclays Business Current Account £18314.34 Barclays Business Savings Account £8537.64 Total £26,851.98
	Regular reporting of bank balances at council meetings	Bank balances are reported at every Council meeting.
11.Year-end procedures	Appropriate accounting procedures used	Receipts and Payments accounting procedure used.
	Financial trail from records to presented accounts	A sample of payments were checked from the bank statements, cashbook, invoices, minutes and VAT recorded and were found to be in order.

	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 met the qualifying criteria as set out in the Certificate of Exemption and were 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 have correctly provided for the exercise of public rights from 27/6/19 to 26/7/19.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The publication requirements under the Audit and Accounts Regulations 2015 have been met, with information being published on the Council's website www.holton.onesuffolk.net
12. Internal audit for the year ending 31 March 2019	Verifying that the previous internal audit reports have been considered by the Council	The previous internal audit report was considered by the Council at their meeting on 10/7/19.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	At the Council meeting on 13/11/19 the Clerk circulated the development points following the internal audit and actions were agreed.
	Confirmation of appointment of Internal Auditor	SALC were appointed as the Internal Auditor for the Parish Council, minuted 8/5/19.
13. External audit for the year ending 31 March 2019	Verifying that the external audit report has been considered by the Council	The Council correctly certified themselves exempt for the audit year 2018/19.
	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 Annual meeting was held on 8/5/19 with the first item on the agenda being the election of 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 documents were readily accessible on the Council's webpage.
	Verifying that the council is registered with the ICO	The Council has registered with the ICO under reference ZA129944 19/7/19.
	Verifying that the Council is compliant with the General Data Protection Regulation requirements Are the following in place: • Audit / Impact Assessment • Privacy Notices • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies	The Council is partially compliant with the General Data Protection Regulations having published a Data Protection and Information Management policy on the website. **Recommendation: To be fully compliant with the GDPR's the Council should also publish the documents:** • **Audit / Impact Assessment** • **Privacy Notices** • **Procedures for dealing with Subject Access Requests** • **Procedure for dealing with Data Breaches** • **Data Retention & Disposal Policies**

Signed.....Linda Harley**…For SALC Audit Team……**

Date of Internal Audit Visit ……N/A…… Date of Internal Audit Report.....18/5/19.....

On behalf of Suffolk Association of Local Councils