

**Internal Audit Report**  
**Year ending: 31<sup>st</sup> March 2017**

<b>Name of Council:</b>	Trimley St Martin
<b>Income:</b>	£32,782
<b>Expenditure:</b>	£20,964
<b>Precept figure:</b>	£26,460
<b>General Reserve:</b>	£24,979
<b>Earmarked Reserves:</b>	£ 10,300

Subject	Requirements	Comments/Recommendations
<b>1. Proper Book-keeping</b>	Type of cash book or ledger used.	Spreadsheets for receipts and payments were seen and cross checked
	Cash book kept up to date and regularly verified against bank statement.	Reconciliations are reported in the minutes but the report is not included after June 2016
	Correct arithmetic and balancing.	Yes
	Supporting paperwork for payments, and appropriate authorisation.	A sample of payments were cross checked against cheque book, cash book, bank statement, invoice and minutes.  All were found to be correctly recorded, paid and approved by the council.
<b>2 Payment controls</b>	VAT is identified and reclaimed.	VAT refund received 25/7/16 £6464
	S137 separately recorded and minuted.	Yes - £50 donation to Headway, noted in the accounts and minutes (typo refers to s37, not s137)
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements.	There were none for the year under review
	Legal Powers identified in minutes and/or cashbook?	Legal powers under which payments are made are noted in the minutes.
	Evidence that standing orders have been adopted and reviewed regularly.	Standing Orders were revised and adopted 01.03.2016 and are tailored to the Council.
<b>3. Financial Regulations, Standing Orders</b>	Evidence that Financial Regulations have been adopted and reviewed regularly.	Financial Regulations were revised and adopted 01.03.2016 due to changes in legislation

<b>4. Petty cash/expenses procedure</b>	Established system in place, and associated supporting documents	No petty cash is held, although the cashbook references petty cash expenditure on 4/10/16, this appears to be in fact repayment of expenses. Expenses are paid through the council's normal payment process
<b>5. Risk management</b>	Evidence that risks are being identified and managed. Internal financial controls documented and minuted.	10 <sup>th</sup> edition of Local Council Administration purchased 5/4/16 SALC Provided bespoke Councilor Training. The Clerk attended induction training at SALC.  The minutes of the meeting held 7/3/17 contain reference to a review of governance risks and risks generally.
	Appropriate Insurance cover for employment, public liability and fidelity guarantee.	Yes – reviewed October 2016 EL = £10m PL = £10m FG = £150k
<b>4. Budgetary controls</b>	Verifying that the budget has been properly prepared, and agreed.  Regular reporting of expenditure and variances from budget.	The budget and precept for 2016/17 were agreed at the meeting held 02.02.2016  Payments are approved at each meeting.
<b>6. Income controls</b>	Monitoring of precept and any other Income.  Reserves:	The Council minuted the receipt of the precept on 7/6/16, but not the receipt of the second payment banked 27/9/16. It is minuted that income has been reported, but the reports themselves are not within the minutes after June 2016.  General: £24,979, Earmarked: £10,300 was budgeted for a number of purposes. <b>Recommendation: The Council should consider adopting a reserves policy, setting out the reasons why, and limits to, any reserves held and clearly setting out the two different reserves on a balance sheet as at year end.</b>
<b>7. Payroll controls</b>	Salary payments include deductions for PAYE/ NIC. PAYE/NIC paid promptly to HMRC.	Yes

	Evidence that Council is aware of it's pension responsibilities.	Not seen for 2016/17.
<b>8. Asset control</b>	Inspection of Asset register.	Not seen – referred to in 2015/16 internal audit but not provided for 2016/17. The list of assets contained in the minutes of 3 <sup>rd</sup> May 2016 is a list of insured items and their insurance value of £14,561.57 – which is not the same as the asset value, which is the original cost at acquisition.
	Asset register reviewed annually.	3/5/16 minutes discussed a review of assets.
	Cross checking of Insurance cover.	Insurances for a building (£447,329) and street furniture (£10,475) were seen. Box 9 on the Annual Return shows fixed assets of £14,992, the minutes of 3/5/16 refer to £14,561 insurance value. Some clarity is required. <b>Recommendation: An Asset register with a asset value column and clearly separate and defined "insurance value" column assists a Council in considering whether all the assets are appropriately insured.</b>
<b>9. Bank reconciliation</b>	Regularly completed, reconciled with cash book. Regular reporting of bank balances at council meetings?  Confirm bank balances agree with bank statements.	The minutes referenced this was done for each meeting, but the reports were not included in the minutes after June 2016.  Bank balances at 31.03.16: Unity Trust Deposit Acct: £12008.80 Unity Trust Current Acct: £23,269.96 Agree with year end position in cash book Receipts and Payments used.
<b>10. Year-end procedures</b>	Appropriate accounting procedures used.  Financial trail from records to presented accounts.	There is a clear underlying audit trail from records to presented accounts



<b>11. Annual return</b>	Completion of sections of Annual return.	Section 1 not completed at time of Internal Audit Section 2 was completed at time of Internal Audit but not signed by the RFO
		Section 4 was completed by the Internal Auditor
<b>12. Review internal controls</b>	Date review completed.	Delegation arrangements for the Clerk were approved 3/5/16  No actual "Review of Internal Controls" was seen to be minuted, however, a significant amount of review and revision has been carried out under various relevant agenda items. <b>Recommendation: Now good systems are in place, the Council needs to set up regular reviews to keep everything up to date – at least annually.</b>
	Previous internal and external reports minuted and considered by Council	Internal Audit Report considered 3/5/16  External Audit Report considered 4/10/16 and the list of recommendations from the External Auditor was reviewed and action agreed to meet the requirements.
<b>13. Recommendations from previous internal audit – 31 March 2015.</b>	Date reviewed and action plan agreed. <b>Recommendation: that all bank account balances are reported and minuted at each council meeting this will ensure that Council complies with its own Financial Regulation 2.2</b>  <b>Recommendation: that Council review the powers under which such payments are made.</b>  <b>Recommendation that a report be submitted on a quarterly basis in accordance with the Council's Standing Order 17.3</b>	Done – but not seen after June 2016          Done   Not provided with the minutes after June 2016. It is important that Councillors receive regular full financial reports and that this is evidenced. <b>Recommendation: the Council considers the inclusion of financial reports in the minutes, using the June 2016 minutes as</b>

		<b>a template.</b>
	<b>Recommendation: council should consider the full reporting of all income</b>	See above
<b>14. Additional comments</b>	Annual meeting:	3/5/16 - The first item of business was election of Chairman
	Appointment of internal auditor:	Approval of appointment minuted at the meeting held 1/11/16
	Any trustee responsibilities:	Yes – minutes of meetings as corporate trustee of the memorial hall provided.
	Transparency code for smaller authorities:	Website was checked and found to be up to date with easy access to key documentation and policies.
	Is the council registered with the ICO:	Yes – renewed 11/7/16

Signed  .....

Date 13/15/17

On behalf of Suffolk Association of Local Councils