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Dear Kirsty,

5th June 2018

Stinsford Parish Council Internal Audit

Please find attached the internal audit report for April 2017 – March 2018. I have included a detailed checklist showing what tests I carried out on the accounts and supporting documents and any recommendations I have as a result of this work.

All of the supporting documents that I required to carry out the audit were included and well presented.

There is just one recommendation, which was also listed last year, that require consideration. This is advisory only and helps embed good practice.

Internal Audit Opinion

Overall I am able to offer substantial assurance on the financial transactions for 2017-18 as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Therefore I have signed of the Internal Audit section of the Annual Return with no additional comments

The Audit Report, Recommendations and this letter should be sent to all Parish Council members so that they can fully understand the advisory recommendation made. As always I am happy for any of the Parish Council to contact me personally if they wish to discuss any of the recommendations made, the tests carried out or the overall opinion given.

Regards

Paula Harding, Appointed Internal Auditor for Stinsford Parish Council

INTERNAL AUDIT SERVICE FOR STINSFORD PARISH COUNCIL

Audit Programme – Financial Year 2017-18

I certify that I have carried out the tests detailed below in accordance with the suggested approach contained in the Governance and Accountability for Smaller Authorities in England published in March 2018

| Internal Control | Tests | Result | Comments |
|---|---|--------|---|
| Previous Internal/External Audit | Do the minutes record that the Council has considered the Internal/External Audit Report for the previous year and the matters arising addressed? | Yes | The Internal Audit report was considered in minute 97.1 – June 2017. External Audit report considered in minute 158 – Oct 2017. |
| Proper bookkeeping | Is the cashbook maintained and up to date? | Yes | The cash book up to 31 st March 2018 was included in the Internal Audit bundle. |
| | Is the cashbook arithmetically correct? | Yes | Both receipts and payment columns are correct. |
| | Is the cashbook regularly balanced? | Yes | Updates were issued to Council at the mid-year point (October 2017) and as again as part of the budget process (January 2018) |
| Standing Orders and Financial Regulations | Has the Council formally adopted Standing Orders and Financial Regulations? | Yes | Standing orders were adopted in September 2015 and reviewed in August 2017. Financial Regulations were adopted in 2009 and last updated in August 2017. |
| | Has the Responsible Financial Officer been appointed? | Yes | The Clerk is declared as holding the office of RFO in the Financial Regulations. |
| | Have the items or services above a de minimus amount been competitively purchased? | Yes | The financial regulations state that all items over £500 should be authorised by the Council. Items under £500 can be purchases by the Clerk in conjunction with the Chairman when it is not possible to secure the authority of the council). Only one amount over £500 is shown and this is minuted March 2017 to show quotes were considered by the Council before authorisation given. Two non-operational amounts of £229.01 and £175.00 were spent on Swing Chains and Notice Board maintenance respectively. These were reasonable expenses and payments were authorised by the council and the details minuted. |

| Internal Control | Tests | Result | Comments |
|------------------------------|--|---------|---|
| | Are payments in the cash book supported by invoices and have they been authorised and minuted? | Partial | All payments have been minuted and authorised. A copy of the agreement to purchase the box and the associated cost have been included with the asset register. |
| | Has VAT on payments been identified, recorded and reclaimed? | Yes | Two VAT items have been correctly recorded. There was no re-claim to be received in 2017-18. |
| | In Section 137 expenditure separately recorded and within statutory limits? | N/A | No Section 137 expenditure was incurred and therefore no recording required |
| Risk Management Arrangements | Does a scan of the minutes identify any unusual activity? | No | A random sample of four minute pages were checked from separate meetings and all activity was as expected. |
| | Do the minutes record the Council carrying out an annual risk assessment? | Yes | The risk assessment document was approved in April 2017. See Minute 67.2 |
| | Is insurance cover appropriated and adequate? Fidelity Guarantee? | Yes | The insurance schedule was checked and the Fidelity guarantee stands at £25,000. This is currently more than is held in the bank account so adequate. |
| | Are internal financial controls documented and regularly reviewed? (Bank reconciliations) | Yes | Cashbook is regularly balanced and an end of year summary includes bank reconciliation. |
| | Has the Council prepared an annual budget in support of its precept? | Yes | The budget was presented at the January meeting – see minute 7.2 and a precept agreed of £5,000. |
| Budgetary Controls | Is actual expenditure against the budget regularly reported to Council? | Yes | Reports are given at the half year and as part of the budget process. There are so few transactions than more regularly reporting would be onerous. |
| | Are there significant unexplained variances from budget? | Yes | The Budget to Actual report shows there were two significant differences from budget both were explained. |
| | Is income properly recorded and promptly banked? | Yes | All but one of the recorded receipts are direct payments relating to the precept. |

| Internal Control | Tests | Result | Comments |
|---------------------|--|---------|--|
| Income Controls | Does the precept recorded in the cashbook agree to the District Councils notification? | Yes | Precept received was as per that expected. £5000 + LCTSG |
| | Are security controls over cash adequate and effective? | Partial | It is good practice to have the Councillors who authorise the cheques also initial the cheque stubs. This is done to confirm that the cheque they have signed is for the same amount and payee as on the cheque stub and invoice. <u>Recommendation 1:</u> <i>That all cheque stubs are signed by the signatories of that cheque to confirm the payee and amount.- This was also a recommendation in 2016-17</i> |
| | Is all petty cash spent recorded and supported by VAT invoices/receipts? | N/A | No petty cash is held. All Clerks expenses are claimed back alongside her salary. |
| | Is petty cash expenditure reported to Council? | N/A | See above |
| | Is petty cash reimbursement carried out regularly? | N/A | See above |
| Payroll Controls | Do salaries paid agree with those approved by the Council? (Based on NALC rates for 2017-18 issued in May 2016). | Yes | The Clerk is paid at SCP 15 which is £8.717 for 2016-2017 and £8.873 for 2017-18. All salary requests are in line with this |
| | Are the other payments to the Clerk reasonable and approved by Council? | Yes | |
| | Has PAYE/NIC been properly operated by the Council as an employer? | Yes | Regular submissions are made and required amounts issued to HMRC by cheque. |
| Assets Controls | Does the Council keep an Assets Register of all material assets owned? | Yes | An asset register is kept and was included in the audit bundle. |
| | Is the Register up to date? | Yes | There is no indication in the minutes or accounts that further assets have been purchased or disposed of this year. |
| | Do asset insurance valuations agreed with those in the Register? | Yes | The insurance schedule lists 'total assets' and does not break this down in to individual items. The total cover is £10,000. The total showing on the asset register is £7023, so adequate cover is in place. |
| Bank Reconciliation | Is the bank reconciliation carried out regularly? | Yes | At the mid and end year point. |

| Internal Control | Tests | Result | Comments |
|---------------------|--|--------|--|
| | Are there any unexplained balancing entries in any reconciliation? | No | |
| | Are year-end accounts prepared on the correct accounting basis? | Yes | The Council uses a receipts and payments system. |
| Year-End Procedures | Do accounts agree with the cashbook? | Yes | |
| | Is there an audit trail from underlying financial records to the accounts? | Yes | All payments tested could be found listed in minutes, had an invoice, matched to cheque stub and could be seen as being paid on the bank statement |

Report compiled by Paula Harding (Principal)
Barker Fox Associates
Date