

Audit report & Risk Assessment of Financial systems' internal controls for Droxford Parish Council 2017/18,
prepared by the Internal Auditor & RFO on 8/1/18.

	Internal Control Tests	Findings
1	Proper Bookkeeping	
1.1	Is the cashbook maintained and up to date? Format used?	Cashbook is maintained on an Excel spreadsheet format which was upto date & accurate.
1.2	Is the cashbook arithmetically correct?	Cashbook is analysed into cost centre headings with full cross-casting to confirm overall totals.
1.3	Is the cashbook regularly balanced?	Cashbook is balanced quarterly on a Composite bank accounts' basis.
2a	Standing Orders and Financial Regulations	
2.1	Has the Council formally adopted Standing orders and Financial regulations, & dates approved?	Financial Regulations were reviewed on 19 October 2017 Min ref:17.70.5 <i>Recommend that both are reviewed every 2/3 years (ie.2018/19)</i>
2.2	Has an RFO been appointed with specific duties noted in both contract & Fin./Regs?	Clerk is the RFO & the duties are detailed in Fin.Reg. & the staff appraisal confirmed RFO duties in the Clerk's contract.
2.3	Have items or services above a de minimis amount been competitively purchased?	Clerk has delegated limit of £100 for emergency payments & there is an over £50k rule for 3 tenders. The Zipwire project for £7k completed in 2014/15.
2b	Payments Controls	
2.4	Are payments in the cashbook supported by invoices, authorised and minuted?	Proper invoices support all payments which are cross-referenced by voucher / Bacs/cheque no. & date paid to cashbook. Monthly payment schedule is prepared for each Council meeting, minuted & signed by Chair. 2 Cllrs (from total of 4) sign cheques & initial stubs, or enter password for Bacs schedule payments.
2.5	Has VAT on payments been checked, recorded and reclaimed? Frequency, & refunds into which A/c?	Proper VAT invoices are provided when relevant, VAT checked & coded in separate column in cashbook.VAT claimed annually & refunds are paid direct into Current a/c.
2.6	Is S.137 expenditure separately recorded & in limit?	S.137 payments are noted in separate code in cashbook & were within limit.
3	Risk Management Arrangements	
3.1	Does a scan of the minutes identify any unusual financial activity, projects, events etc.?	Minutes of various working groups will recommend action regarding income & expenditure, & these will then be confirmed by Full Council monthly.
3.2	Do the minutes record the Council carrying out any annual risk assessments? Play areas/BMX/skateparks regularity of checks & documentation?	Annual Rospa check on play area. Weekly checks were conducted in 2017/18, with logsheets kept to record checks/action which are signed & dated.

Audit report & Risk Assessment of Financial systems' internal controls for Droxford Parish Council 2017/18,
prepared by the Internal Auditor & RFO on 8/1/18.

3.3	Is insurance cover appropriate and adequate? Policy nos. & broker/company? FG cover level correct?	Insurance held with Axa (policy RGBDX69620) on long term agreement to 30/9/18, covering standard local council aspects. F/G cover held for £150k.
3.4	Are internal financial controls documented and reviewed regularly?	Statement of internal controls approved 20/11/14. (Min.173/14). <i>Recommend that regular test monitoring by Finance Group is undertaken during each year & the Executive checklist performed at year-end.</i> Financial systems' internal controls reviewed for 2017/18 & are to be ratified by Full Council on 15/2/18.
4	Budgetary Controls	
4.1	Has the Council prepared an annual budget in support of its precept? Council minute & date?	Draft budget normally prepared by Clerk for consideration at November meeting, & ratified/minuted at next meeting, with WCC notified of precept each January. Precept for 2017/18 approved 8/12/16 (Min.16/112/3).
4.2	Is actual expenditure against the budget regularly reported to the Council & minuted?	A monthly Finance Statement is prepared by Clerk for Council meetings & a quarterly review of actual to budget is undertaken & initialled by 2 Cllrs.
4.3	Are there any significant and unexplained variances on budget?	Any significant variations are reviewed by Council & any action taken is then minuted by Clerk.
5	Income Controls	
5.1	Is income properly recorded and promptly banked?	Income received for allotments, burials & rent, plus VAT refunds. Cheques received on regular basis & banked promptly at Unity Bank by Post. [Allotments normally August time, bi-monthly for rent & irregular for burials & memorials] Receipts are coded to relevant cost codes in cashbook.
5.2	Does the precept recorded in the cashbook agree to the DC's notification? Yearly review of scale of fees?	Precept is received each April & September from WCC direct into Deposit a/c, with a remittance advice to confirm transfer.
5.3	Are security controls over cash adequate and effective?	No cash is taken.
6	Petty Cash Procedures	
6.1	Is all petty cash spent noted in book /sheets with pro forma &/or voucher to support, esp. those with VAT? Imprest basis used?	N/A, none held.
6.2	Is petty cash reported to each Council meeting?	N/A, none held.
6.3	Is petty cash reimbursement carried out regularly?	N/A, none held.

Audit report & Risk Assessment of Financial systems' internal controls for Droxford Parish Council 2017/18,
prepared by the Internal Auditor & RFO on 8/1/18.

7	Payroll Controls	
7.1	Do staff salaries/wages paid agree with those approved by the Council & what is review frequency?	Clerk appointed July 2010 on contract, & the hours increased to 9 per week from 1/4/14 which was approved & minuted on 12/12/13 (Min. 155/13/2). Clerk paid monthly by Bacs on SCP23 from 1/4/16 (Min.16/47.3) approved 21/7/16 & also hours increased to 10 per week from 1/8/16.
7.2	Are other expenses to the Clerk/staff reasonable and approved by the Council?	Mileage for Clerk on training courses & seminars is repaid at 45p per mile (HMRC current rate).Clerk paid a standard, monthly home/office allowance.
7.3	Have PAYE/NIC/ Pensions been properly operated by Council as an employer? Payment frequencies/method?	Clerk is registered for online PAYE facility. Clerk does not reach NIC threshold & did not wish to join new Nest pension provision now registered.
8	Assets Controls	
8.1	Does Council keep an asset register of all assets owned incl. serial nos.? Annual physical check noted?	Yes, Excel spreadsheet for play equipment, lychgate, pavilion & street furniture items at cost value. <i>Recommend that an annual asset check is performed to ensure all items available, with the record dated & signed by Finance Group to provide documentary proof.</i>
8.2	Are the Asset/Investments registers up to date, incl. disposals? Note all Investments held with a/c nos.	Yes, upto date & cost valuations agreed to Box 9 of Annual Return.
8.3	Do asset insurance valuations agree with those in the asset register?	Yes, insurance valuation cover shown at £134,379 for 2017/18 policy.
9	Bank Reconciliation	
9.1	Is there a Bank reconciliation for each account held? Note each A/c with bank/branch & a/c no. If relevant, review Money Market transfers & documentation.	Yes, for Current a/c (Unity 20266455), Deposit a/c (Unity 20267069) and Cemetery a/c (Unity 20359980). No Money Market usage in the year.
9.2	Are Bank reconciliations conducted on receipt of statements & with what frequency?	Current, Deposit & Cemetery a/c's are reconciled monthly from cashbooks when bank statements received. Also quarterly balance to Cashbook on Composite basis.
9.3	Are there any unexplained balancing entries in any reconciliation?	No, all bank interest/charges & DD's were entered in cashbooks from statements.

Audit report & Risk Assessment of Financial systems' internal controls for Droxford Parish Council 2017/18,
prepared by the Internal Auditor & RFO on 8/1/18.

10	Year-end Procedures	
10.1	Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	Receipts & payments basis.
10.2	Do the accounts agree with the cashbook codings?	Yes, year-end Final accounts confirm entries made in cashbook, are accurate & agree to Bank reconciliations held.
10.3	Is there an audit trail from underlying financial records to the accounts, for both receipts & payments?	Full cross-referencing of cheques, DD's & salary Bacs payments by cheque nos & dates paid.
10.4	Where appropriate, have debtors and creditors been properly recorded? Are the year-end, General and Earmarked reserves held at reasonable levels?	N/A, as Receipts & payments basis. Reserves levels held at end 2016/17 were £25,920 (incl. EMR £17,928).

Signed ____P.Reynolds FMAAT_____

Date ____8/1/18_____

Internal Auditor

Signed _____

Date _____

RFO

Audit report & Risk Assessment of Financial systems' internal controls for Droxford Parish Council 2017/18,
prepared by the Internal Auditor & RFO on 8/1/18.

Action Plan for Recommendations			
No.	Recommendations	Actioned by	Date
2.1	<i>Recommend that both are reviewed every 2/3 years (ie.2018/19)</i>		
3.4	<i>Recommend that regular test monitoring by Finance Group is undertaken during each year & the Executive checklist at year-end.</i>		
8.1	<i>Recommend that an annual asset check is performed to ensure all items available, with the record dated & signed by Finance Group to provide documentary proof.</i>		

Signed _____ P.Reynolds FMAAT_____

Date ____ 8/1/18_____

Internal Auditor

Signed _____

Date _____

RFO