

Internal Audit Report
Year ending: 31st March 2020

Name of Council:	Carlton Coville Town Council
Income:	£84896.64
Expenditure:	£66837.76
Precept Figure:	£54,878
General Reserve:	£59069
Earmarked Reserves:	£125934

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	The council uses the scribe accounting package and good financial management information is provided to the Council.
	Cash book kept up to date and regularly verified against bank statement	The cashbook is kept up to date and is well referenced to be easily verified against the bank statement.
	Correct arithmetic and balancing	All arithmetic and balancing were found to be in order.
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	The Council adopted the up to date NALC Standing Orders at their meeting on 8/5/19. They were reviewed as part of the Council's good governance arrangements.
	Evidence that Financial Regulations have been adopted and reviewed regularly	The council adopted the up to date NALC Financial Regulations 2019 at their meeting on 3/9/19. Financial Regulations are reviewed each year as part of their good governance arrangements.
	Evidence that a Responsible Financial Officer has been appointed with specific duties	The Council, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, confirmed at its meeting of 8/5/19 that the Clerk was the RFO responsible for the financial administration of the authority.
	Evidence that Financial Regulations have been tailored to the Council	The new Financial Regulations have been tailored to the Council.
3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	Evidence seen to support paperwork for payments and appropriate authorisation. A sample of payments were examined and found to be in order with a full audit trail evidenced.
	Internet Banking transactions properly recorded/approved	The council does not use internet banking.
	VAT correctly identified and reclaimed within time limits	VAT is noted in the cashbook and the RFO ensures it is reclaimed on a regular basis. It was noted in the minutes of

		4/12/19 a reclaim of £4399.18 and in the minutes of 5/2/20 a reclaim of £642.50
	Has Council adopted the General Power of Competence and is it being correctly applied?	The Council adopted the General Power of Competence at their meeting on 8/5/19 and confirmed they have met the conditions.
	S137 separately recorded, minuted and within statutory limits	The following payments were made under S137 and noted in the minutes - March 20 Warren School £520 and 8/5/19 Impact £4,995, 2/10/19 Poppy appeal wreath £40. These are within the current guidelines. Comment : Expenditure for Remembrance Sunday comes under LGA 1972 S138(B) Involvement with religious events.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	The Council has no Public Work Loans.
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. An Internal financial Risk Assessment was completed on 4/1/20.
	Evidence that risks are being identified and managed.	A wide range of formal policies, procedures and protocols have been adopted by the Council and these provide a solid foundation for the continuing operation of strong financial management and control.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	Appropriate insurance cover is in place including: Public Liability £10 million, Employers Liability £10 million and Fidelity Cover £250,000 which is within guidelines.
	Evidence that insurance is adequate and has been reviewed on an annual basis	Insurance is adequate and was reviewed at the meeting on 8/5/19 with the policy being in the 1st year of a 3 year term.
	Evidence that internal controls are documented and regularly reviewed	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. The council reviewed their internal control document on 8/5/19.

	Evidence that a review of the effectiveness of internal audit has been carried out during the year	In accordance with the Accounts and Audit Regulations 2015, Council reviewed the scope of its Internal Audit which is included in the internal control document.
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	Detailed budget papers were prepared for the year 2019/20 with the amount of £54,878 included in the minutes of 5/12/18.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	A full budget supported the precept amount of £54878 which was agreed in full at the Council meeting of 5/12/18 and minuted.
	Regular reporting of expenditure and variances from budget	Minutes include that income and expenditure figures are circulated at each meeting. Budget monitoring papers are reviewed by the Council.
	Reserves held General and Earmarked.	Council's final accounts show the following reserves held: General £59069 Earmarked £ 125934 The External Auditors require an explanation where the carried forward (end of year) reserves are greater than twice the income from the Precept and the Clerk/RFO has addressed this matter within the Statement of Variances (Box 7).
6. Income controls	Is income properly recorded and promptly banked?	Income is entered into the cashbook on the date of receipt and banked in accordance with the Council's financial procedures.
	Is income reported to full Council?	Income is reported each month to full Council.
	Does the Precept recorded agree to the Council Tax Authority's notification?	The precept recorded agrees to the Council Tax Authority's notification.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010? <ul style="list-style-type: none"> Is CIL income reported to Council? 	CIL funds received for the audit year 19/20 totalled £5331.37. Credits from CIL are noted in the minutes and an annual report is produced and published on the website.

	<ul style="list-style-type: none"> • Does unspent CIL income form part of Earmarked reserves? • Has an annual report been produced • Has it been published on the authority's website 	
7. Petty Cash	<p>Is a petty cash in operation?</p> <p>If so, is there an adequate control system in place.</p>	<p>Council does not operate a petty cash system.</p>
8. Payroll controls	<p>Do all employees have contracts of employment?</p>	<p>The Clerk's contract of employment was not submitted for the audit.</p>
	<p>Are arrangements in place for authorising of the payroll and payments by the Council?</p> <p>Verifying the process for agreeing rates of pay to be applied.</p>	<p>All payments are authorised by the Council in accordance with their financial regulations. Rates of pay are detailed on the payslips.</p>
	<p>Do salary payments include deductions for PAYE/NIC?</p> <p>Is PAYE/NIC paid promptly to HMRC?</p>	<p>Salary payments include deductions for PAYE/NIC and these are operated in accordance with HMRC regulations.</p>
	<p>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?</p>	<p>Council is aware of its pension responsibilities and noted in the minutes that they Clerk will join the LGPS from 1st April 2020.</p>
	<p>Are other payments to employees reasonable and approved by the Council?</p>	<p>All other payments to employees are reasonable and approved by the Council.</p>
9. Asset control	<p>Verifying the Council maintains an Asset Register in accordance with proper practises</p>	<p>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 £127,776 has been correctly entered into Box 9 of Section 2 of the AGAR (Annual Return).</p>

	Verifying that the Asset Register is reviewed annually	The Council demonstrates good practice by maintaining and regularly reviewing their asset register. This was minuted on 8/5/19.
	Cross checking of Insurance cover	The Council noted a review of their insurance policy at their meeting on 8/5/19.
10.Bank reconciliation	Regularly completed and reconciled with cash book	The bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows. These have been completed on a regular basis.
	Confirm bank balances agree with bank statements	Bank balances at 31/3/20 agree with bank statements: Santander Savings Account £38339.9 Nat West current account £146663.18 Total £185003.08
	Regular reporting of bank balances at council meetings	Bank balances are regularly reported at Council meetings.
11.Year-end procedures	Appropriate accounting procedures used	Council operates on a receipts and payments basis.
	Financial trail from records to presented accounts	A sample of payments were examined and found to be in order with a full audit trail evidenced
	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?	The Council did not declare itself exempt from an external audit.
	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 correctly provided for the exercise of public right as required by the Accounts and Audit Regulations from 17/6/19 to 26/7/19.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	

	from	<p>Smaller authorities with either income or expenditure exceeding £25,000 must publish on a public website, under the Accounts and Audit Regulations 2015, the Annual Governance and Accountability Return:</p> <ul style="list-style-type: none"> • Section 1 – Annual Governance Statement 2017/18, page 4 • Section 2 – Accounting Statements 2017/18, page 5 • Section 3 – The External Auditor Report and Certificate 2017/18, page 6 • Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015. <p>This information was published on the website www.carltoncovilletowncouncil.gov.uk</p>
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 of 3/6/19 and recommendations/comments were noted and put in place.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	Appropriate action has been taken for items raised in the internal audit report.
	Confirmation of appointment of Internal Auditor	SALC were appointed as the external auditor. Confirmation in minutes of 4/1/20.
13. External audit for the year ending 31 March 2019	Verifying that the external audit report has been considered by the Council	The external audit report was considered by the Council at their meeting of 4/9/19 - The Notice of conclusion of audit was posted.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	No items were raised by the external auditor.
14. Additional Comments	Annual meeting - held in accordance with legislation	The Annual meeting was held in accordance with legislation on 8/5/19 with the first item on the agenda being the election of Chairman.
	Correct identification of trustee responsibilities	No trustee responsibilities held.

Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	The appropriate Transparency Code has been correctly applied and information is published in accordance with current legislation.
Verifying that the council is registered with the ICO	The council is registered with the ICO reference ZA2515641.
<p>Verifying that the Council is compliant with the General Data Protection Regulation requirements</p> <p>Are the following in place:</p> <ul style="list-style-type: none"> • Audit / Impact Assessment • Privacy Notices • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies 	<p>The Council is partially compliant with the General Data Protection Regulation requirements as they have published on their website a Data Protection Policy and Privacy Notice.</p> <p>Recommendation: To be fully compliant the council should publish:</p> <ul style="list-style-type: none"> • Audit / Impact Assessment • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies

Signed.....*Linda Harley*.....

Date of Internal Audit Visit28/5/19.....

Date of Internal Audit Report.....28/5/19.....

On behalf of Suffolk Association of Local Councils