

**ST NEOT PARISH COUNCIL****INTERNAL AUDIT REPORT FINANCIAL YEAR 2019-20****TO THE MEMBERS OF ST NEOT PARISH COUNCIL**

The Internal Audit is an independent, objective assurance function for the review of the control environment (risk management, internal controls and governance) within an organisation. The Internal Audit reviews and reports to the Council on the adequacy of the control environment to assist in ensuring that Council activities are conducted in a secure, efficient and well-ordered manner. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The scope of the audit covers the areas included on Page 3 of the Annual Return and the Transparency Code. Selective testing was carried out and the relevant policies, procedures and controls were reviewed. Reference is made to the Governance & Accountability for Smaller Authorities in England' (1<sup>st</sup> April 2019).

The Clerk Mrs Sue Blaxley is thanked for her assistance and co-operation during the course of the audit. Although the audit was conducted under severe restrictions because of COVID-19, this report should give the Council reasonable assurance that its internal controls are working satisfactorily. However, the matters raised in this report are those that were identified during the internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. In giving the internal audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The audit does not guarantee that the accounting records are free from fraud or error.

Items in **bold under recommendations** represent recommendations in respect of the application of controls, text in *italics represent suggested actions if the Council consider appropriate that if adopted, could add to the assurance.*

<b>CONTROLS</b>	<b>TESTS</b>	<b>REF</b>	<b>REFERENCE/COMENTS</b>	<b>RECOMMENDATIONS</b>
<b>Previous External Audit Report</b>	Has the previous external audit report been reported to and considered by Council and acted upon any matters raised?	Yes		<b>None</b>
<b>Previous Internal Audit Report</b>	Has the previous internal audit report been reported to and considered by Council and acted upon any matters raised?	Yes	See below	<b>None</b>
<b>A - Appropriate accounting records have been kept properly throughout the year</b>				
<b>Proper Bookkeeping</b>	The cash book containing the receipts and payments for the 2019/20 financial year.	Yes		<b>None</b>
	Copies of tenders or estimates and consideration		Loveny Contruction – Minute (13	<b>None</b>

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	and approval by Council		March 2019 refers South West Play – (minute 16 June 2019 refers)	
	Copies of purchase orders		Not implemented from the 2018-29 report. FR 10.1/10.2.	<b>Recommend that purchase orders are implemented especially for larger items</b>
	Evidence of separation of financial duties			<b>None</b>
	Bank Statements/Paying in books/ Cheque Books		The cheque book numbers do not run sequentially. Whilst sampling did not reveal a problem, the Council should negate any older bank books that have not been used.	<b>None</b>
<b>B - St Neot Parish Council met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for</b>				
<b>Standing Orders</b>	Copy of Standing orders.	Yes	Reviewed 9 <sup>th</sup> October 2019 minute 13	<b>None</b>
<b>Financial Regulation</b>	Copy of Financial Regulations.	Yes	Reviewed 10 <sup>th</sup> July 2019 minute 14	<b>None</b>
<b>Invoices</b>	Copies of Invoices supporting expenditure	Yes	Sampling revealed no issues	<b>None</b>
<b>Expenditure</b>	All expenditure approved by Council	Yes	Testing revealed no issues	<b>None</b>
<b>VAT</b>	VAT on expenditure appropriately accounted for	Yes	Not evidenced as reviewed from last year's report.	<b>Recommend that the Council reviews the levels of exempt activities.</b>
<b>C - St Neot Parish Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these</b>				
	Council Financial Risk Assessment	Yes	The Council have not Implemented the recommendation from last year's report.	<b>None</b>
	ICT Controls	Yes	Clerk confirmed Computer pass-worded Anti-virus (AVAST) in place Computer backup – memory stick	<b>None</b>
<b>Internal Controls</b>	Review of any other in-year assessments and risk management programmes	No		<b>None.</b>

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<b>Insurance Schedule</b>	Insurance schedule (as at 31/3/2018)	Yes	Public Liability £5,000,000 Fidelity £200,000 The Council does not evidence market testing for renewal of insurance premiums	
<b>Scheme of delegation</b>	Scheme of delegation to officers e.g. Finance Policy	Yes	Identified in Financial Regulations	<b>None</b>
<b>ICO Registration</b>	Data Protection	No	Not implemented from last years report.	<b>Recommend this is reviewed to reflect data currently processed and new GDPR regulations</b>
<b>D - The precept or rates requirement resulted from an adequate budgetary process: progress against budget was regularly monitored and reserves were appropriate</b>				
<b>Budget</b>	Copy(ies) of the budget papers		Based on historical cost and projections	<b>None</b>
	Copy(ies) of development or improvement plans	No	Council are still to review this.	<b>Council should consider a development plan to assist financial planning</b>
	Copy of the precept notice to Cornwall Council	Yes	£32,100 paid in half yearly instalments	<b>None</b>
	Evidence of reserves being considered as being appropriate	No	Whilst reserves were considered at the precept meeting, the current level of reserves is circa 128% of spend, although it is noted that some are for allocated projects. A more detailed analysis of allocated reserves should be given.	<b>None</b>
<b>Management Accounts</b>	Copy and evidence of regular budget monitoring and presentation to Council	Yes		<b>None</b>
<b>E - Expected income was fully received, based on correct prices, properly recorded and promptly banked: VAT was appropriately accounted for</b>				
<b>Charges</b>	Copies of rental/hire/letting charge reviews and date of last review	Yes	Finance Committee 4 <sup>th</sup> December 2018 minute 4	<b>None</b>
	Copies of invoices and audit trail to bank	Yes	Testing revealed no issues	<b>None</b>
	Copies of service charge calculations (if applicable)	Yes	Metered, heating based on usage and floor area	<b>None</b>
	VAT on income was appropriately accounted for		Not applicable	
	Copies of any policies on use of facilities at no charge (if applicable)		Not applicable	

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**F - Petty Cash Payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for**

	Copy of the petty cash ledger		Not operated	
	Copies of receipts expended from petty cash			
	VAT accounted for on expenditure			
	Scheme of delegation for petty cash expenditure			

**G - Salaries to employees and allowances to members were paid in accordance to St Neot Parish Council approvals, PAYE and NI requirements properly applied**

<b>Salaries</b>	Salaries and other emoluments paid to employees have been approved by Council	Yes	Finance Committee 4th December 2018 minute 4 Sp pt 33 10 hours per week. Cleaner £9.00 per hour Considered at Council 11 <sup>th</sup> November 2018	<b>None</b>
	HMRC records of payments including tax/NIC deductions		Whilst some records have been scrutinised to give limited but adequate insurance for Council, <i>it is suggested the audit trail from the HMRC website is available for complete assurance.</i>	
	HMRC year-end reconciliation (HMRC website)		As above	
	Employees summary for year	No		<b>None</b>
	Council is registered with the Pensions Regulator and pension compliance e.g. opt out arrangements and discretions	Yes	Declaration of Compliance from the pensions regulator - not in pension scheme	<b>None</b>
<b>Contracts</b>	Contracts of Employment	Yes	Clerk 10 hours per week	<b>None</b>
<b>Allowances</b>	Chairman's Allowance and other members allowances treated correctly	No	No allowances paid to members	<b>None</b>

**H - Asset and Investment registers were complete and accurate and properly maintained**

<b>Asset Register</b>	Asset Register has been completed and current		The Asset register has been expanded to include some of the recommendations in the JPAG 5.57.	<b>None</b>
	In year asset movements recorded		The basket swing was a replacement	<b>None</b>
	Security of assets undertaken including marking	Yes	Furniture is security marked	<b>None</b>
	Valuation of assets undertaken correctly and Assets insured correctly	Yes		<b>None</b>
	Asset condition survey undertaken	Yes	Survey undertaken	<b>None</b>

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	Investment reviews undertaken	No	With balances increasing the Council might wish to consider the current arrangements for depositing finances.	
<b>I - Periodic and year end bank account reconciliations properly carried out</b>				
	Evidence and records of in-year bank Reconciliations and frequency	Yes	Year-end reconciled – monthly reconciliation reported to Council	<b>None</b>
	Copy of the year end bank reconciliation	Yes	Year-end reconciled	<b>None</b>
<b>J - Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</b>				
	Audit trail from cash book to trial balance and I & E/balance sheet		Not applicable	
	End of year summary and supporting statement		Not applicable	
	List of current assets and liabilities (i.e. debtors, creditors etc.)		Not applicable	
	Records of leases, licences etc.		Not applicable	
	Copies of in-year reports of debtors/creditors to Council including longevity of debt/credit.		Not applicable	
	Reserves		£58,527 /£45,507 – see recommendation in budget setting	
<b>K – If the authority certified itself as exempt from a limited audit assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt</b>				
				<b>Not covered.</b>
<b>L – The authority has demonstrated that during the summer of 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.</b>				
			Clerk confirmed the notification had been on website but taken down following advertisement to accommodate other documents.	
<b>M- Council has met its responsibilities as a trustee (if applicable)</b>				
	Trust funds have been administered correctly including disposal of grants/dividends etc.	No	The Clerk has now confirmed that the Council does have trust responsibilities but that no transactions have taken place. The Clerk has no documentation and therefore this is not evidenced	<b>Council should undertake a review of the Trust Fund.</b>