

TOWN AND PARISH COUNCIL INTERNAL AUDIT TESTING

BOSTON SPA PARISH COUNCIL

INTERNAL AUDIT REPORT

Clerk: Val Hunter

Visit: April 19th 2018

Year ending: 31st March 2018

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
PROPER BOOKKEEPING	Is the cashbook maintained and up to date?	Yes – maintained on excel spreadsheet and regularly balanced.	
	Is the cashbook arithmetically correct?	Yes – totalling within the spreadsheet	
	Is the cashbook regularly balanced?	Yes – on a monthly basis.	
A) STANDING ORDERS AND FINANCIAL REGULATIONS ADOPTED AND APPLIED; AND B) PAYMENTS CONTROLS	Has the council formally adopted standing orders and financial regulations?	Yes – Standing Orders and Financial Regulations approved at 15 th May 2017 meeting of the Council – no changes.	

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	Has a Responsible financial officer been appointed with specific duties?	Yes – Val Hunter is the Clerk and RFO. She has been supplied with a schedule of tasks to perform.	
	Have items or services above the de minimus amount been competitively purchased?	Financial regulations require quotations for purchases over £3,000 and tenders for those exceeding £50,000. Quotations obtained for tree works and considered at the meeting of 17 th July 2017. Quotations for the printing of the Annual Newsletter were considered at the 16 th October 2017 meeting. Tenders for grounds maintenance for 2018-2020 considered at the 19 th February 2018 meeting.	
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes – a sample of expenditure items was taken and all were found to have been appropriately entered in the cashbook and authorised.	
	Has VAT on payments been identified, recorded and reclaimed?	Yes	
	Is s137 expenditure separately recorded and within statutory limits?	Yes – there is a separate column in the spreadsheet for s137 expenditure. £1736 spent in 2017-18.	
RISK MANAGEMENT ARRANGEMENTS	Does a review of the minutes identify any unusual financial activity?	None seen.	

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	Do minutes record the council carrying out an annual risk assessment?	This was reviewed by the Council at its meeting on April 18 th 2017. Inspection reports of Outdoor Fitness Equipment seen. Risk Assessments of Remembrance Day Parade and Christmas trees along High Street seen, together with a new assessment of the Deepdale Skate Park.	
	Is insurance cover appropriate and adequate?	Policy for the year ended 31 st May 2018 with AXA. Cover includes £10m Public Liability, £10m Employers Liability, £2500 Money and Assault. Separate cover for Village Hall with Allied Westminster for year ended 26 th March 2018 with building cover of £1.76m. (Subsequently replaced by policy with Ansvar through Norris & Fisher with a building cover of £1.82m for year ending 25 th March 2019)	
	Are internal financial controls documented and regularly reviewed?	Comprehensive Statement of Internal Control for the year seen.	
	(Burial Authorities only) Is the Council aware of the Ministry of Justice guidance on "Managing the Safety of Burial Ground Memorials"	Not applicable	
BUDGETARY CONTROLS	Has the council prepared an annual budget in support of its precept?	Yes – Budget for 2018/19 approved at January 15 th 2018 meeting and a precept of £39,320 set for that year.	

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	Is actual expenditure against the budget regularly reported to the council?	Yes- at each meeting a comprehensive schedule is produced and minuted.	
	Are there any significant unexplained variances from budget?	None seen.	
INCOME CONTROLS	Is income properly recorded and promptly banked?	Yes – entered in cashbook at an appropriate time. Allotment rents considered at meeting of 17 th July 2017 and decision taken to keep them at £27pa – last increased from £25pa in October 2016. At 18 th September 2017 meeting it was agreed not to increase the rates for advertising in the Newsletter. At the same meeting a decision was taken to increase the cost of a Christmas tree from £23 to £30 (inc VAT).	
	Does the precept recorded agree to the Council Tax authority's notification?	Direct Debit agrees with email notification from Leeds City Council.	
	Are security controls over cash and near-cash adequate and effective?	Yes – and banking takes place frequently.	
PETTY CASH PROCEDURES	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash	

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	Is petty cash expenditure reported to each council meeting?	Not applicable	
	Is petty cash reimbursement carried out regularly?	Not applicable	
PAYROLL CONTROLS	Do all employees have contracts of employment with clear terms and conditions?	The Clerk has a contract of employment. Her salary was reviewed at the meeting of 19 th February 2018.	
	Do salaries paid agree with those approved by the council?	Yes – calculated by a Councillor who also deals with PAYE.	
	Are other payments to employees reasonable and approved by the council?	Only expenses payments, supported by receipts.	
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – a Councillor calculates payments due to the Clerk and produces a schedule and payslips. Payments made to HMRC when appropriate.	
ASSET CONTROLS	Does the council maintain a register of all material assets owned or in its care?	Yes – very few assets following the destruction of the Pavilion. Register reviewed and includes Village Hall and outdoor gym on the Stables Lane Playing Field. Reviewed at the May 2017 meeting.	

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	Are the assets and Investments registers up to date?	No other investments.	
	Do asset insurance valuations agree with those in the asset register?	Yes	
BANK RECONCILIATION	Is there a bank reconciliation for each account?	Yes – Nat West account which was reconciled each month on receipt of statements.	
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes – each month.	
	Are there any unexplained balancing entries in any reconciliation?	None seen.	
	Is the value of investments held summarised on the reconciliation?	No investments	
YEAR-END PROCEDURES	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Accounts prepared on an Income & Expenditure basis.	

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	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes – a clear trail between invoices, Council approvals and the bank account.	
	Where appropriate, have debtors and creditors been properly recorded?	Yes	
OTHER ISSUES	Is the Council registered with the Information Commissioner?	Yes – registration no ZA092267, expires 25 th January 2019.	
	What arrangements does the Council have for the back up of computer files?	Automatic back up via Carbonite to cloud.	
	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	The Council has no trust funds.	
	Any other issues that are worthy of reporting.	Not applicable	