

PANFIELD PARISH COUNCIL

INTERNAL AUDIT SUMMARY OF 2014/15 FINDINGS

SCHEDULE OF WORKS	TEST	FINDINGS	RECOMMENDATION
1. To ensure that the Council has adopted Standing Orders	1a Is there reference in the Minutes to the adoption of Standing Orders? 1b Has a copy of Standing Orders been provided ?	1a) Copy of customised Standing Orders adopted by Council 11/11/2013 1b) A copy of the customised Standing Orders reviewed	
2. To ensure that the Council has adopted Financial Regulations	2a Is there reference in the Minutes to the adoption of Financial Regulations? 2b Has a copy of Financial Regulations been provided ?	A copy of current Financial Regulations provided Reviewed & Approved without change on 09/12/10	Financial Regulations should be reviewed now new NALC model issued in March 2014 after new legislation implemented.
3. To ensure that the Council has appointed a Responsible Financial Officer (RFO)	3a Does Clerk's Contract of Employment clearly state that the Clerk is RFO as required by Section 151 of the 1972 Local Government Act 3b Is there reference in the Minutes to the appointment of an RFO	3 YES Miss Jean Simmons appointed Clerk and RFO	
4. To ensure that the accounting system is properly maintained, up to date, balanced and consistent with the Council's other financial records.	4 Scrutiny of the accounting system as part of testing to ensure properly maintained, up to date, balanced and consistent.	4 A spread-sheet record has again been used as the official cash book. This Cash Book record is consistent with bank statements, VAT claims & Budget reports. The yearend bank reconciliations include a National Savings balance of £162.75 which as for 2014 I was not able to verify. I note that an online search for PPC National Savings Account was re-submitted on the 10 th March 2013.	4a) Progress enquiry regarding source of National Savings dividend

SCHEDULE OF WORKS	TEST	FINDINGS	RECOMMENDATION
5. To ensure that items or services have been procured in accordance with the procedures laid down in the Financial Regulations	5 Test purchases to ensure procedures used follow Fin Regs	5 No major procurements during 2014/15	
6. To ensure that VAT has been identified, recorded and returned	6 Test from invoices (VAT compliant) through accounting system to VAT return	6a) Claim made for £734.52 in February 2015 for payments made from 11/02/14 – 9/02/15 which is consistent with cash book & previous year adjustment The reimbursement was received on the 14/04/15.	
7. To ensure that Section 137 money has been separately recorded and is within statutory limits	7 From accounting system ensure section 137 money separately recorded and within statutory limits	7) Limit is £5,212.80 (£7.20*724) £824.90 has been identified as Section 137 money. This includes £180.00 Parish Magazine, £600.00 Churchyard £46.90 Parish Assembly refreshments.	
8. To identify whether the Minutes indicate any unusual financial activity	8 Scrutinise Minutes for possible unusual financial risk	8) All payments recorded in the Minutes as approved for payment.	8) System introduced for the monthly processing of invoices for payment has improved the quality of the records.

SCHEDULE OF WORKS	TEST	FINDINGS	RECOMMENDATION
9. To check that the Parish Council carries out an annual risk assessment and annually reviews its insurance cover	9a Scrutinise Minutes for record of annual risk assessment and review of insurance cover 9b Obtain copy of annual risk assessment and details of insurance cover	a) Risk Assessment Policy Document reviewed 09/02/15 b) Risk Assessment Policy Document dated 09/02/15 Reviewed during audit c) Fidelity Guarantee Cover £150,000 standard cover for 2014/15 with insurer.	
10. To check that internal financial controls are adequate and regularly reviewed.	10a Review Financial Regulations for adequacy of procedures laid down 10b Ascertain to what extent Fin Regs are not followed by observation and discussion with clerk 10c Enquire of RFO when fin controls last reviewed and get details	10a) Review of Internal Audit Reviewed Min 16c 09/06/2014 10b) spreadsheets. reports reviewed monthly at Council Meetings; periodic bank reconciliation completed	
11. To ensure that the Council has prepared an annual budget in support of its precept	11a Scrutinise Minutes to establish when annual budget agreed 11b Obtain copy of annual budget	11a) 9 th February 2015 Council Meeting Agreed adjusted Budget Forecast 11b) Detailed Budget examined consistent with Precept request of £16,054 11c) Precept Notification shows precept of £16,054	

SCHEDULE OF WORKS	TEST	FINDINGS	RECOMMENDATION
12. To check that income is properly recorded and promptly banked	12 Test receipt and banking of income	12 Receipts issued for minor income such as allotments. £285 allotment income banked in 2014/15	
13. To check that the insurance cover in place is appropriate and adequate	13 Look at insurance cover and judge appropriateness and adequacy	13 2013/14 Insurance details examined and are consistent with the Asset Register and the £86,578 shown on the Annual Return	
14. To check that the precept recorded in the accounting system agrees with Braintree District Council's notification	14 Check precept in books back to District Council notification	14 2014/15 PSG & Precept approved by Council on 13/01/14 15,820 + £3,425 LCTSG £19,245 PSG & Precept paid into bank by Braintree DC	
15. To ensure that security controls over cash are adequate and effective	15a Review Fin Regs for adequacy and effectiveness of procedures laid down for control over cash 15b Ascertain to what extent Fin Regs are not followed in handling cash by observation and discussion with clerk and RFO	15a) Financial Regulations reviewed Dec 2010 15b) Only max of £285 cash income usually involved in Cash Handling	
16. To check that out of pocket expenses are recorded and supported by VAT invoices / receipts where applicable	16 Check records of out of pocket expenses and completeness of documentation for VAT	'Petty cash' expenditure was supported by receipts.	

SCHEDULE OF WORKS	TEST	FINDINGS	RECOMMENDATION
<p>17. To check that salaries and other payments agree with those approved by the Council and that, where applicable, PAYE / NIC has been operated properly by the Council as employer</p>	<p>17a Establish salary / scale point agreed by Council for clerk and other employees 17b Compare salaries paid to agreed scale points 17c Scrutinise Minutes to find evidence of other payments being authorised 17d Check PAYE / NIC records for accuracy</p>	<p>17a) Normal Pay paid appears to be 8hrs per week SCP22 from 01/04/14 to 31/03/15. (Minute 12c Council Meeting 9th September 2013) 17b) No confirmation of receiving year end returns but P60 consistent with analysis of pay 17c) Home Expenses of £25 per month (£300 per annum) paid to the Clerk. HMRC allow employees to be paid £4 per week (£208 per annum) without having to show what you spent, but you can claim more if you have records to back up the claim.</p>	<p>) 17c) Review tax position with regard the payment of Home Expenses to Clerk to ensure Council is not liable for any under paid tax.</p>
<p>18. To check that a register of all material assets and investments owned by the Council is kept, is up to date and tallies with the insurance valuations for those assets</p>	<p>18a Obtain register of material assets and investments 18b Assess whether up to date and compare to insurance valuations</p>	<p>18a) Register of assets examined correct showing total long term assets of £94,078 which is consistent with the June 2013 revised insurance schedule plus the new bus shelter 18b) Total Fixed assets and long term assets are shown correctly on the draft 2015 Annual Return.</p>	

SCHEDULE OF WORKS	TEST	FINDINGS	RECOMMENDATION
19. To check that bank reconciliations are carried out regularly and that there are no unexplained balances	19 Look at bank recs to see carried out regularly and all balances explained	19a) Start & End of year bank reconciliation were correct 19b) Regular bank reconciliations completed only bank balances reported at Council Meetings.	
20. To check that the year-end accounts are prepared on a Receipts and Payments basis, that they agree to the accounting system and that there is an audit trail from the underlying financial records to the accounts	20 Test trail from accounting records to year-end accounts and establish whether income and expenditure or cash basis	20a) No year end accounts other than Annual Return. 20b) Draft Annual Return Figures correct	20a) 2015 Annual return: to be approved at May 2015 Council Meeting 20b) Request the internal auditor to check the Annual Return before submission to the external auditor:
21. To prepare a written report to the Parish Council	21 Write report	21) Report Issued 24/04/15	
22. To carry out any other work required enabling the internal auditor to complete Section 4 of the Annual Return		NOT APPLICABLE	