



**Internal Audit Report
Year ending: 31st March 2017**

Name of Council:	Debenham
Income:	£76,086.27
Expenditure:	£84,331.65
Precept figure:	£66,219.00
General Reserve:	£104,650.83
Earmarked Reserves:	£55,730.89

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used.	Omega Accounts package used.
	Cash book kept up to date and regularly verified against bank statement.	All were found to be in order.
	Correct arithmetic and balancing.	Spot checks were made and found to be correct.
2 Payment controls	Supporting paperwork for payments, and appropriate authorisation.	A selection of random payments were selected and cross checked against cheque book, cash book, bank statement, invoices and minutes. All were found to be in order.
	S137 separately recorded and minuted.	Payments made under this Power totalled £3495.83 for the year under review and were correctly identified in the cashbook. Comment: Upon analysis, one payment was found to be incorrectly allocated against LGA S137. Council should be aware that the payment made to Community Centre/Leisure Centres for replacement windows should be made under Local Government (Miscellaneous Provisions) Act 1976 s19. “Community centres - power to provide & equip buildings for use of clubs having athletic, social or educational objectives. Local Government (Miscellaneous Provisions) Act 1976 s.19”.
	VAT identified and reclaimed.	A claim to be submitted for period 01.04.16 to 31.03.17 in the sum of £3,895.01 was seen within the papers submitted for internal audit. VAT is identified correctly within cashbook.
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements.	There were none for the year under review.
	Legal Powers identified in minutes and/or cashbook?	Limited reference is made to the legal powers under which payments are made. This is an outstanding recommendation from 2015-2016.

3. Financial Regulations, Standing Orders	Evidence that standing orders have been adopted and reviewed regularly.	Standing Orders were seen and a minute reference from 20 th March 2017 showed that they were reviewed and adopted. However Standing Order 18 does not reflect the full changes in legislation. Recommendation: that standing orders are reviewed and amended with reference to the NALC Legal Briefing L05-15 and minuted during the next financial year with particular reference to Procurement of Contracts.
	Evidence that Financial Regulations have been adopted and reviewed regularly. Evidence that Financial Regulations have been tailored to the Council.	Financial Regulations were seen and a minute reference from 20 th March 2017 showed that they were reviewed and are compliant with recent changes in legislation. Financial Regulations are tailored to the Council.
4. Petty cash/expenses procedure	Established system in place, and associated supporting documents	No petty cash held. Expenses claimed are approved by full council with supporting paperwork.
5. Risk management	Evidence that risks are being identified and managed.	Council reviewed and approved its Financial Risk Assessment Document and its General Risk Assessment Document at a meeting of 20 th March 2017 which included the play area annual inspections. As such the Council has shown that it has identified, recorded and evaluated the risks associated with the actions and decisions it has taken or considered as per the guidelines in the Governance and Accountability for Smaller Authorities in England – March 2016 (updated 2017 for year 1 April 2017 onwards).
	Appropriate Insurance cover for employment, public liability and fidelity guarantee.	Insurance cover was renewed with AON UK Limited under MAVEN Local Council Policy in June 2016. Key elements cover Business Interruption; Office Contents; Money; Public Liability; Hirer's Liability; Employers Liability; Libel & Slander; Employee Dishonesty; Personal Accident and Legal Expenses. Fidelity Guarantee is £250,000. The annual insurance policy review was carried out by the Finance and Administration Working Group on 11 th July 2016 at which it was agreed that the Policy be renewed subject to a change in the valuation of the public conveniences.

6. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	The budget was agreed at a meeting of full council on 18 th January 2016 at which full budget costings by centre were produced and discussed.
	Regular reporting of expenditure and variances from budget.	At each meeting a Finance Report is submitted to the Council which shows the accounts for payment and the receipts received. In accordance with Council's own Standing Orders a quarterly report detailing the accounts to date, variances against budgeted expenditure and income is submitted and considered by the Council.
7. Income controls	Monitoring of precept and any other Income.	The Council received precept in the sum of £66,219.00 and Local Council Tax Support Grant of £1,499.00 Receipts of income are reported on a monthly basis within the financial report submitted to Council at its monthly meetings.
	Reserves:	General: £104,650.83 Earmarked: £55,730.89
8. Payroll controls	Salary payments include deductions for PAYE/ NIC. Evidence that Council is aware of it's pension responsibilities.	Evidence seen to support PAYE and payments to HMRC. Council has recognized that under current legislation it has pension duties for its employees and has enrolled the Clerk in the NEST pension scheme.
9. Asset control	Inspection of Asset register.	The Asset Register to the value of £137,040.06 was seen which includes acquisitions in the sum of £1,653.26 and disposals in the sum of -£4,500.00.
	Asset register reviewed annually.	Asset register is reviewed annually
	Cross checking of Insurance cover.	Insurance cover is provided by AON Insurance under a Local Council Insurance Policy. Policy was renewed reviewed during the year under review. All were found to be in order – under this type of policy, items are generic in cover and not item specific.

10. Bank reconciliation	<p>Regularly completed, reconciled with cash book.</p> <p>Confirm bank balances agree with bank statements.</p>	<p>Bank reconciliations were seen and are reported to Council on a regular basis.</p> <p>Bank Balances at 31.03.2017: £160,381.72 Community Account: £10,647.91 Deposit Account: £140,609.01 Woodland Current Account: £144.81 Woodland Deposit Account: £16,893.98 Less O/S Cheques: £7,913.99</p>
11. Year-end procedures	<p>Appropriate accounting procedures used. Financial trail from records to presented accounts.</p>	<p>Receipts and payments. Overall bank balances agree with year-end statements</p>
12. Annual return	<p>Completion of sections of Annual return.</p>	<p>Section 1 and 2 were completed and signed at the time of audit</p>
		<p>Section 4 was completed by the Internal Auditor</p>
13. Review internal controls	<p>Date review completed.</p> <p>Previous internal and external reports minuted and considered by Council</p>	<p>Council reviewed its Statement of Internal Controls at a meeting of 20th March 2017</p> <p>Internal Audit was considered by Council at a meeting on 17th October 2016.</p> <p>External Audit was considered by Council at the same meeting and the recommendations contained within both reports were noted by members.</p>
14. Recommendations from previous internal audit – 31 March 2016.	<p>Date reviewed and action plan agreed.</p> <ol style="list-style-type: none"> 1. Review and insertion of powers used when incurring expenditure 2. Tailoring of Financial Regulations to the Council 3. Recording in the minutes that a Councillor with a Disclosable Pecuniary Interest in a matter being discussed leaves the room for the duration of the item 	<p>Limited use – S137 & S145 identified only</p> <p>Completed - closed</p> <p>Actioned</p>

15. Additional comments	Annual meeting:	16 th May 2016
	Appointment of internal auditor:	16 th May 2016
	Any trustee responsibilities:	None
	Arrangements in place for the public inspection of council's records	Yes Period for the exercise of public rights is 30 working days. These 30 working days must include the first 10 working days in July (Regulation 14 and 15 of the Accounts and Audit Accountability 2015). Noted that the Council's commencement date for the exercise of the public rights was Friday 21 st June 2017.
	Is the council registered with the ICO:	Yes – Registration No. Z9006055

Signed

Date

On behalf of Suffolk Association of Local Councils