

ST SAMPSON PARISH COUNCIL**INTERNAL AUDIT REPORT FINANCIAL YEAR 2019-20****TO THE MEMBERS OF ST SAMPSON 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' (1st 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 although there were impacts during the audit. A separate Impact report is attached to the COVID-19 this document. 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.*

CONTROLS	TESTS	REF	REFERENCE/COMENTS	RECOMMENDATIONS
Previous External Audit Report	Has the previous external audit report been reported to and considered by Council and acted upon any matters raised?			None
Previous Internal Audit Report	Has the previous internal audit report been reported to and considered by Council and acted upon any matters raised?	Yes	Minute 12 July 2019	None
A - Appropriate accounting records have been kept properly throughout the year				
Proper Bookkeeping	The cash book containing the receipts and payments for the 2019/20 financial year.	Yes		None

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	Copies of tenders or estimates and consideration and approval by Council			None
	Copies of purchase orders		Financial Regulations 10.1/10.2.	Recommend that purchase orders are implemented especially for larger items
	Evidence of separation of financial duties			None
	Bank Statements/Paying in books/ Cheque Books		See COVID-19 Impact Report. Numbers do run concurrently in cash book.	None
B - St Neot Parish Council met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was properly accounted for				
Standing Orders	Copy of Standing orders.	Yes	Reviewed 26 th June 2018 (from website)	Standing Orders should be reviewed annually
Financial Regulations	Copy of Financial Regulations.	Yes	Reviewed 26 th June 2018 (from website)	Financial Regulations should be reviewed annually
Invoices	Copies of Invoices supporting expenditure	Yes	See COVID Report	None
Expenditure	All expenditure approved by Council	Yes	Testing revealed no issues	None
VAT	VAT on expenditure appropriately accounted for		See COVID Report. Cash book annotated with VAT on expenditure	None.
C - St Neot Parish Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these				
	Council Financial Risk Assessment	No	Last reviewed July 2018 (from website).	The Council should review the risk assessment annually.
	ICT Controls	Yes	Clerk confirmed Computer pass-warded Anti-virus (AVAST) in place Computer backup – memory stick	None
Internal Controls	Review of any other in-year assessments and risk management programmes	No	Last reviewed June 2018. There is evidence from limited testing that the Council does undertake some reviews of controls and financial management.	Council should review and document internal controls annually.

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Insurance Schedule	Insurance schedule Renewed from 1 st June 2019.	Yes	Public Liability £10,000,000 Fidelity £200,000 The Council does not evidence market testing for renewal of insurance premiums	
Scheme of delegation	Scheme of delegation to officers e.g. Finance Policy	Yes	Identified in Financial Regulations	None
ICO Registration	Data Protection	Yes	Implemented 26 th June 2018.	Recommend the policy is reviewed during this financial year, even if to confirm there are no changes.
D - The precept or rates requirement resulted from an adequate budgetary process: progress against budget was regularly monitored and reserves were appropriate				
Budget	Copy(ies) of the budget papers		Based on historical cost and projections	None
	Copy(ies) of development or improvement plans	No		None
	Copy of the precept notice to Cornwall Council	Yes	£3,758.30 [minute 12 November 2018] paid in half yearly instalments [£1,879.15] checked against cash book. Notice not seen. – (See COVID 19 report).	None
	Evidence of reserves being considered as being appropriate	No	There is limited evidence that reserves were considered at the precept meeting. The current level of reserves £14,760 is circa 103% of spend.	None
Management Accounts	Copy and evidence of regular budget monitoring and presentation to Council	Yes	Limited testing indicates income and expenditure is reviewed monthly.	None
E - Expected income was fully received, based on correct prices, properly recorded and promptly banked: VAT was appropriately accounted for				
Charges	Copies of rental/hire/letting charge reviews and date of last review	Yes	No evidence that the parking charges have been reviewed, even if it is to confirm the status quo with Cornwall Council.	Reviews of Charges should be considered at the budget setting process and minuted.
	Copies of invoices and audit trail to bank	Yes	See COVID 19 Report	None
	Copies of service charge calculations (if applicable)		Not applicable.	None
	VAT on income was appropriately accounted for		Not applicable	
	Copies of any policies on use of facilities at no		Not applicable	

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	charge (if applicable)			
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				
Salaries	Salaries and other emoluments paid to employees have been approved by Council	Yes	Council minute April 2019 minute 18 Sp pt 27	None
	HMRC records of payments including tax/NIC deductions		HMRC – records not sampled (See COVID-19 Impact report)	
	HMRC year-end reconciliation (HMRC website)		As above	
	Employees summary for year	No		None
	Council is registered with the Pensions Regulator and pension compliance e.g. opt out arrangements and discretions	Yes	Joined LGPS.	Pension Discretion policy should be adopted.
Contracts	Contracts of Employment			None
Allowances	Chairman's Allowance and other members allowances treated correctly	No	No allowances paid to members	None
H - Asset and Investment registers were complete and accurate and properly maintained				
Asset Register	Asset Register has been completed and current		The Asset register has been expanded to include some of the recommendations in the JPAG 5.57. Last updated 2019	
	In year asset movements recorded			None
	Security of assets undertaken including marking			None
	Valuation of assets undertaken correctly and Assets insured correctly	Yes		None
	Asset condition survey undertaken	Yes	Survey's undertaken by members	None
	Investment reviews undertaken	No		None
I - Periodic and year end bank account reconciliations properly carried out				
	Evidence and records of in-year bank	Yes	Year-end reconciled – monthly	None

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	Reconciliations and frequency		financial situation reported to Council	
	Copy of the year end bank reconciliation	Yes	Year-end reconciled	None
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.				
	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		Cash Balances £14,760, 103% of total year expenditure.	
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				
		Yes		None
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.				
			Clerk confirmed the notification had been on website.	
M- Council has met its responsibilities as a trustee (if applicable)				
	Trust funds have been administered correctly including disposal of grants/dividends etc.	N/A		None