

## **INTERNAL AUDITOR'S REPORT ON SAMPFORD ARUNDEL PARISH COUNCIL FOR THE YEAR ENDED 31 MARCH 2019**

I have examined the financial and business records of Sampford Arundel Parish Council for the financial year 2018/19. The Parish Clerk provided all of the council's financial and business records for inspection and answered questions as required.

These records have been reviewed against the council's adopted Standing Orders (2019) and Financial Regulations (2019) for compliance and accuracy. All financial records were found to be generally compliant and met the requirements of 'Governance and Accountability for Smaller Authorities in England (Practitioners' Guide)'. The council minutes were reviewed and provided a reasonable record of the council's business.

The Internal Audit section of the AGAR was completed and signed – minor discrepancies with Financial Regulations and VAT (explained below) resulted in a No against Internal Control Objective B. I am, however, satisfied that the implications are minimal and corrective action is being proposed by the Clerk. No Petty Cash is held hence a Not Covered marking at Objective F.

All questions below were annotated as Yes or No. Additional observations/recommendations are made at the end of this report.

### **Internal Financial Controls and Risk Assessment (see Footnotes)**

#### **Ledger**

Is the ledger (manual or electronic) maintained and up to date?	YES	<del>NO</del>
Is the ledger available for inspection by all councilors?	YES	<del>NO</del>
Is the ledger regularly balanced and checked against the latest bank statement?	YES	<del>NO</del>

#### **Standing Orders**

Has the Council adopted Standing Orders?	YES	<del>NO</del>
Does the Responsible Financial Officer have specified duties?	YES	<del>NO</del>
Are items above a de minimus amount (£1000) specified as subject to competitive tendering?	YES	<del>NO</del>

#### **Expenditure and Income**

Is each item of expenditure supported by an invoice and/or receipt?	YES	<del>NO</del>
Is each payment or grant receipted?	YES	<del>NO</del>
Is VAT itemised separately in the ledger and supported by a VAT receipt?	<del>YES</del>	<del>NO</del> <sup>1</sup>
Is S137 expenditure (grant) separately recorded and within statutory limits?	YES <sup>2</sup>	<del>NO</del>
Are cheques always signed by two authorised signatories?	YES	<del>NO</del>
Are cheque stubs dated and signed by the same signatories?	YES	<del>NO</del>
Are payslips checked and signed to ensure accuracy of salary and PAYE payments?	<del>YES</del>	<del>NO</del> <sup>3</sup>
Is there access to online banking for the purpose of checking the account?	<del>YES</del>	<del>NO</del>
Can payments be made through online banking?	<del>YES</del>	<del>NO</del>
Does the council authorise the use of a debit or credit card?	<del>YES</del>	<del>NO</del>
Are transactions above £100 reported in each minute and at the Annual Parish Meeting?	YES	<del>NO</del>

<sup>1</sup> You cannot reclaim VAT on stamps.

<sup>2</sup> Subject to removal of defibrillator costs.

<sup>3</sup> The Financial Record is signed in lieu of a payslip.

### **Risk Management**

Are debtors identified and the appropriate action taken?	YES	NO
Do the minutes record financial transactions, of both expenditure and income?	YES	NO
Is any unusual variance in expenditure or income noted and investigated?	YES	NO
Are reconciliations presented to the Council at least twice yearly?	YES	NO
Is insurance cover provided and adequate?	YES	NO
Does the council prepare an annual budget in support of its precept?	YES	NO
Does the council check progress against the budget at least once each year?	YES	NO

### **Banking**

Is income promptly recorded and banked?	YES	NO
Does the Council hold cash?	YES	NO

### **Salaries**

Do salaries agree with that approved by Council?	YES	NO
Are other payments to any employee appropriate, reasonable and approved by Council?	YES	NO
Are PAYE payments made in accordance with statute and in-line with the payslip?	YES	NO

### **Assets**

Does the Council maintain an up to date register?	YES	NO
Does the Council minute any deletions?	YES	NO
Is the condition of the assets monitored at least annually and appropriate action taken?	YES	NO

### **Investments**

Does the Council have any investments?	YES	NO
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### **Year-End Procedures**

Are year-end accounts prepared in accordance with guidance and statute?	YES	NO
Are the accounts subject to an annual internal audit at the year-end?	YES	NO
Is the Annual Return carried out in accordance with statute?	YES	NO
Is there a period for the public to inspect the accounts after year-end closure?	YES	NO

### **Additional observations/recommendations**

1. Noting that the Chairman and Clerk attended GDPR training at the end of last year, and that the Clerk has a data audit in hand, I recommend that you also consider publishing your version of some or all of the following:

- [Privacy Notice – General](#)
- [Privacy Notice – Staff, Councillors, Role Holders](#)
- [Data Privacy Policy](#)
- [Data Protection Policy](#)
- [Subject Access Guidance Notes](#)
- [Subject Access Request Details](#)
- [Data Security Incident Procedure](#)

2. I see that you have £10M Public Liability cover. You may wish to check with your insurers if the same level is required for any contractors employed by the PC. It is certainly the case in my experience noting that this can be problematic for small contracting organisations.

3. The Fin Regs 4.2 say '*No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').*'

I didn't see any Resolutions or virement in Minutes. I suggest that you either do what you say you will do in the Regulations OR change the Regulations.

4. The Fin Regs 2.2 say '*On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.*'

I understand that this does happen on occasions; I recommend that it occurs at least quarterly and is minuted.

5. Dec 18 Minutes: proposed £600 footbridge donation – it's always good practice to state which Power the spend is made under for something like this.

6. Section 137 on the accounts recorded a total spend of £2501 which is above the statutory limit; however, it incorrectly included the defibrillator for which you got a grant. The defibrillator is Fixed Asset expenditure and should be recorded on a separate budget line and recorded on the Asset Listing with a value.

7. The SOs refer to declaring interests and getting a Dispensation. I can't see any minuted Dispensations. You should minute these in particular when referring to the Precept vote.

This concludes the internal auditor's report for Sampford Arundel Parish Council for year ending 31 March 2019. Overall, the accounts and other records of the Council are maintained to a satisfactory level and this report reflects positively on the standard of work of the Clerk.

*Jill Wardle*

Jill Wardle  
25 May 2019