

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. 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."

April 30, 2016

Loddiwell Parish Council Internal Audit Report 2015-16

Testing was carried out using sampling and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity.
The findings are reported below:

- **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

Satisfactory. No issues.

- ✓ **Other Receipt or Income**

A sample of other receipts was tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment

Satisfactory. No issues

- ✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council
- Additional hours worked were approved and supported by time records
- Employees are paid in accordance with contractual obligations and on the correct pay date
- Employees have a written statement of principal terms and conditions
- That PAYE and NI are operated and paid promptly

10/2

- That pension contributions are correctly recorded and passed to the pension fund in a timely manner

Noted that salary standing order was not amended for February and March 2016 resulting in an underpayment to Clerk of £147.80 in the year.

Satisfactory. No issues.

✓ **Payments**

A sample of payments was tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim, petty cash voucher or other appropriate documentation
- Grant payments are subject to a proof of need assessment and are required to be evidenced as spent for the approved purpose and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared

Satisfactory. No issues

➤ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes

The level of fidelity guarantee cover in place £25,000 is less than the guidance cover required £33,000. It is recommended that cover is increased at least in line with the guidance as the policy is subject to average.

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date
- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases

It was noted that there was an addition of 1 bench to the asset register in March 2016 for £408

Satisfactory. No issues.

✓ **Loans**

Loan balance was agreed to PWLB schedule for smaller bodies.

Loan interest and capital repayment in the year were agreed to PWLB.

Satisfactory. No issues.

✓ **Bank**

Bank reconciliations have been regularly performed.

The year end bank reconciliation was re-performed and agreed but see below

Satisfactory. No issues.

