

South and West Internal Audit

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"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."

May 6, 2016

Brixton 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:

✓ **Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- a general and financial risk assessment covering the council's activities
- a statement of internal control
- annually review any charges for services whether or not they are increased and record this in minutes.

Councils over £25,000 are recommended but not required to disclose information in accordance with the Local Government Transparency Code 2014 which is more onerous.

- Website disclosure above this level is not mandatory but the case for openness in public activities is strong and therefore reaching the basic level of disclosure will be encouraged on an ongoing basis.

Councils should have in place and periodically review:

- a policy relating to anti-fraud and corruption
- standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation
- financial regulations for the control of its financial administration are required and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors must have addressed the expectations in Appendix 10 of Governance and Accountability and have put in place arrangements for the annual review of wider definition "money" covered in Appendix 10

Satisfactory.

✓ **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 Costs**

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

Satisfactory. No issues.

✓ **Payments**

A sample of payments was tested as appropriate to confirm:

- All payments are made in accordance with financial regulations
- All payments are supported by invoice, receipt, expense claim, petty cash voucher or other appropriate documentation
- 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
- That assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

Satisfactory. No issues.

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date
- additions have been approved, 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

Satisfactory. No issues.

✓ **Bank Reconciliation**

Bank reconciliations should be:

- Regularly prepared
- Reviewed independently of the preparer

The year end reconciliation was re-performed and agreed

Satisfactory. No issues.

A handwritten signature in black ink, appearing to be 'Lew' or similar, written in a cursive style.