

Final audit report & Risk assessment of financial systems' internal controls for Mudford Parish Council 2019-20
prepared by the Parish Clerk/RFO on 27/02/2020.

No.	Internal Control Tests	Findings
1	Proper Bookkeeping	
1.1	Is the cash book maintained and up to date? Format used?	The cash book is maintained on an Excel Spreadsheet format and was prepared up to 31.01 20.
1.2	Is the cash book arithmetically correct?	The cash book is analysed into Budget head codes for both receipts and payments.
1.3	Is the cash book regularly balanced?	The cash book continues to be balanced monthly by Parish Clerk/RFO and confirmed by full Bank Reconciliations. The Parish Council Chairman signs and dates these Reconciliations on at least a quarterly basis to confirm they are accurate, and a monitoring role is undertaken.
2a	Standing Orders and Financial Regulations	
2.1	Has the Council formally adopted Standing Orders and Financial Regulations, and dates approved?	Standing Orders and Financial Regulations reviewed and adopted in February 2020. Minute reference 20/22 c. & d.
2.2	Has an RFO been appointed with specific duties noted in both contract and Financial Regulations?	The Parish Clerk is the Responsible Finance Officer (RFO) and the duties are detailed in both her Contract of Employment and Financial Regulations.
2.3	Have items or services above a de minimis amount been competitively purchased?	The Parish Clerk has a £1000 delegated power for emergency needs. Where possible the Parish Clerk will obtain three quotes from Suppliers/Contractors for items over £5k. Where the value is above £100 and is under £5000, the Parish Clerk will strive to obtain three value for money quotations. A £25k level applies for obtaining three tenders for project work.
2b	Payments Controls	
2.4	Are payments in the cashbook supported by invoices, authorised and minuted?	Proper invoices support all payments, which are cross-referenced by cheque number and date paid. Monthly payment schedules are prepared by Parish Clerk for the Parish Council meeting. This is approved and details will be noted in the Minutes of the meeting. Currently 2 Councillors (from 4 mandated) sign cheques and initial stubs at the Parish Council meeting.
2.5	Has VAT on payments been checked, recorded and reclaimed? Frequency, and refunds into which A/c?	Proper VAT invoices are provided, when relevant, with VAT checked and entered in VAT column in cash book. VAT reimbursements submitted to HMRC for 2019-20 covering the period

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		January 2019 to May 2019, May 2019 to Oct 19 and Oct 19 to Feb 20.
2.6	Is S.137 expenditure separately recorded and in limit?	S.137 payments were coded into separate cash book codes and were within approved limits. Section 137 amount allowed per parishioner for 2018-19 is £8.12.
3	Risk Management Arrangements	
3.1	Does a scan of the Minutes identify any unusual financial activity, projects, events etc.?	All projects and events should be risk assessed and minuted accordingly by Council. Risk assessments are carried out and performed annually and there is evidence in the Parish Council Minutes that this is done for the cemetery and the Play Area and Skatepark.
3.2	Do the Minutes record the Council carrying out any annual risk assessments? Play areas/BMX/skateparks regularity of checks and documentation?	A full Play Areas and the Skatepark inspection is carried out by The Play Inspection Company (last report 22-08-19). The Parish Council also instruct a local contractor to carry out ground's maintenance on a regular basis. Parish Councillors carry out regular visual inspections of the play areas on a weekly rota basis.
3.3	Is insurance cover appropriate and adequate? Policy numbers and broker/company? Fidelity Guarantee cover level correct?	Standard local council policy held with Ecclesiastical policy number 1667 (Came and Co) dated 1 June 2019 covering to 31 May 2020. Fidelity Guarantee cover showing £150,000.
3.4	Are internal financial controls documented and reviewed regularly?	This initial risk assessment for financial systems' internal controls was updated annually (this document).
4	Budgetary Controls	
4.1	Has the Council prepared an annual budget in support of its precept? Council Minute and date?	The Parish Clerk prepares the draft budget for the Parish Council each November/December which is ratified and minuted each January. South Somerset District Council is then notified of precept requirements by end of January. The Council approved the 2020-21 precept as £ 30,800.00 at the Parish Council meeting on 30/01/2020 and notified South Somerset District Council of precept requirements on 31 January 2020. Minute Reference 20/12 c).
4.2	Is actual expenditure against the budget regularly reported to the Council and minuted?	Budget to actual comparisons are reviewed at least quarterly. A report is taken to the Parish Council for information and appropriate action is taken by the Parish Council if required.

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4.3	Are there any significant and unexplained variances on budget?	A process is in place to report significant variations whereby the Parish Clerk will inform the Parish Council of large variations (Budget summary sheet). Any action required will be approved by the Parish Council.
5	Income Controls	
5.1	Is income properly recorded and promptly banked?	Income sources from burial & memorial fees, bank interest, VAT refunds, Precept payments.
5.2	Does the precept recorded in the cash book agree to the District Councils notification? Yearly review of scale of fees?	Precept received in April 2019 and paid direct into Nat West Current Account 68797885. Review of Cemetery Table of Fees in February 2109.
5.3	Are security controls over cash adequate and effective?	Very infrequent cash received.
6	Payroll Controls	
6.1	Do staff salaries/wages paid agree with those approved by the Council and what is review frequency?	The Parish Clerk has been employed by the Parish Council since the 3 December 2018 and is employed for 10 hours per week. The Parish Clerk is currently on Local Council Scale 1 (points 23-25). The Parish Clerk is currently paid by cheque payment which is signed by two Parish Councillors.
6.2	Are other expenses to the Clerk/staff reasonable and approved by the Council?	Infrequent expenses and mileage are claimed by Councillors according to the relevant SSDC policy. Infrequent car mileage is paid to Parish Clerk and administrative expenses are paid for Parish Council administration whilst working from home.
6.3	Have PAYE/NIC/ Pensions been properly operated by Council as an employer? Payment frequencies/method?	The Parish Clerk prepares monthly payroll information enabling processing of monthly payments made to HMRC for PAYE and National Insurance Contributions.
7	Assets Controls	
7.1	Does Council keep an Asset Register of all assets owned including serial numbers? Annual physical check noted?	A list of the Assets for the Parish Council is recorded on an Excel Spreadsheet. The Asset Register includes separate columns for the historic cost, assets location, serial number or date purchased if appropriate. The Asset Register shows the insured value of the item for each financial year, plus detail of the annual physical check of assets.

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7.2	Are the Asset/Investments Registers up to date, including disposals? Note all Investments held with a/c numbers.	Yes, Asset Register showed all the current asset items and was up to date and was reviewed by the Parish Council at meeting 25 April 2019 (minute ref 9.4).
7.3	Do asset insurance valuations agree with those in the Asset Register?	Yes, the Asset Register does currently show any insured values.
8	Bank Reconciliation	
8.1	Is there a Bank reconciliation for each account held? Note each A/c with bank/branch & a/c no. If relevant, review Money Market transfers and documentation.	Yes, Current a/c (68797885), Nat West Business Reserve a/c (68181604) and Business Reserve a/c (13579886) all held at Nat West Bank Yeovil.
8.2	Are Bank reconciliations conducted on receipt of statements & with what frequency?	All bank accounts are reconciled monthly.
8.3	Are there any unexplained balancing entries in any reconciliation?	No, all entries are recorded correctly in the cash book.
9	Year-end Procedures	
9.1	Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	Receipts and Payments basis.
9.2	Do the accounts agree with the cash book codings?	Yes, end of year 2018-19 balances confirm that entries made in the cash book are accurate and agree to all bank accounts held by the Parish Council.
9.3	Is there an audit trail from underlying financial records to the accounts, for both receipts and payments?	Yes, cross-referencing by cheque payments using cheque numbers, and bankings using paying in slip details to show in the cash book with separate analysis of budget heading for budget monitoring purposes.
9.4	Where appropriate, have Debtors and Creditors been properly recorded? Are the year-end, General and Earmarked reserves held at reasonable levels?	No Debtors and Creditors information shown for the financial year 2018-19, as done on a receipt and payments accounts basis. Reserves totals £32,128.53 as at 28/02/2020. These Reserves are shown as follows: 12 Months running costs buffer £12,000.00 Long term chapel maintenance £1,767.00 Long term cemetery maintenance £3,500.00 Computer replacement fund £146.00 Election £1,295.53 Parish Projects £3,900.00.

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		Ring fenced table tennis grant £520.00. Play area equipment long term replacement fund £4,000.00. Cemetery land/consecration starter fund £5,000.00.
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Signed _____

Date _____

Internal Auditor

Julie Ferguson

27/2/2020

Signed _____

Date _____

RFO

Stephen Bartlett

27/2/2020

Signed _____

Date _____

Chairman

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Action Plan for Recommendations			
No.	Recommendations	Actioned by	Date
2.3			

Signed _____ Internal Auditor Date _____

Signed _____ *RFO* Date _____