

Internal Audit Check

Fornham St Martin cum St Genevieve Parish Council – y/e 31 March 2017

A Appropriate books of account have been properly kept throughout the year

Check cash book properly written up and balanced	Cash book kept on simple spreadsheet. Note that this system was introduced by VB when she took over in June 2016. I have not reviewed the earlier cash book kept by the previous clerk. For audit purposes I have reviewed the quarter 2 entries in detail	2
Verify selection of items against bank statement	Quarter 2 entries reviewed	1

B The Council's Financial Regulations have been met

Standing Orders formally adopted and correspond to the latest good practice	Standing Orders adopted March 2016 and comply with NALC` model	1
Financial Regulations formally adopted and correspond to the latest good practice	Financial Regulation comply to an out of date NALC model. The Council should consider adopting the new model which amends regulations as to contracts.	2
RFO appointed and clear duties listed	Clerk is RFO	
Check selection of large or unusual purchases to ensure FRs followed	Largest payment was to St Eds Borough Council. Invoice noted.	2

B Payments were supported by invoices, expenditure was approved and VAT properly accounted for

Check selection of payments to ensure properly authorised.	Earlier payments not included in minutes. Quarter 2 payments all incorporated in minutes and properly approved.	2
Check vouchers relating to above	Quarter 2 invoices all reviewed. Note comment above concerning missing invoices	2
Check VAT has been properly accounted for (for income, see below)	Analysed in separate column	1
Additionally check random selection of large payments in cash book	See comment above.	1

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If electronic banking is used ensure that proper procedures are in place as provided for in the new model Financial Regulations.	Not used	-
Check any s137 for amount, validity	£20 wreath	1
Check VAT reclaim(s) during the year or, if Council is registered, check that VAT returns correspond with the underlying records.	No claim yet made for VAT refund. Possibly this should wait until VAT invoice received for St Gorge's field mowing.	2
C The Council assessed the significant risks to achieving its objectives and had adequate arrangements to manage these		
Formal risk assessment documents available for inspection	Financial risk assessments approved October 2016. I note that one item is marked as High (Legal Powers). The Council should ensure that training is carried out and recorded.	1
Do the minutes record the council carrying out an annual risk assessment?	November 2016 minutes record this	1
Is the insurance cover appropriate and adequate – see also H below	Standard Council Insurance through Came and Company	1
Are internal financial controls documented and reviewed?	Financial Regulations cover this	1
D The annual precept requirement resulted from an adequate budgetary process		
Has the Council prepared an annual budget in support of its precept?	Budget agreed January 2016. Precept of £20,750 approved at the same meeting	1
Is the precept based upon realistic assumptions including evaluation of required balances?	Break even budget agreed. Balances appear quite low (six months expenditure) and council should consider if this is adequate.	1
D Progress against the budget was regularly monitored and reserves were appropriate		
Review existence and adequacy of budgetary reports	Reviewed June and January. Council should consider whether quarterly reports would be advantageous	1
Are there any significant unexplained variances?	None	1

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E Expected income was fully received, based upon correct prices, properly recorded and promptly banked; and VAT was properly accounted for

Precept paid as requested and banked properly	Single BACS payment	1
Is other income properly accounted for and are adequate procedures in place?	Significant amount of advertising income which should have VAT added unless the income fits below the de minimis limit. SALC should be consulted	2
If appropriate, is the Council VAT registered and, if so, is VAT being properly charged?	Council is not registered(see note above)	2

F Petty cash payments were properly supported by receipts, expenditure was approved and VAT properly accounted for

Is all petty cash expenditure supported by VAT receipts?	None	
Is petty cash expenditure regularly reported back to the Council?		
Is reimbursement carried out regularly?		

G Salaries to employees and allowances to members were paid in accordance with council approvals

Do all employees have properly drawn up contracts of employment?	Contract in standard form	1
Has the Council approved all salaries and do payments correspond with these decisions?	All salary payments approved by the Council	1
Are other payments (e.g. expense payments) reasonable and properly approved?	All payments approved at Council meetings	1

G PAYE and NI requirements were properly applied

Check PAYE and NI. Alternatively, if a bureau is used, check the records of payments.	Payroll administered by SALC	1
Check end of year returns or, if a bureau is used, check that the documentation is in order.	Processed by SALC	1

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H Asset and investment registers were complete and accurate and properly maintained

Does the Council have an Asset Register and is it regularly maintained?	New Clerk has fully updated the asset register. This has been approved by the Council.	1
Ensure assets purchased during year (see minutes) are recorded	None	1
Do asset insurance values correspond to values in the asset register?	Insurance policy is updated	1

I Periodic and year-end bank account reconciliations were properly carried out

Check for regular (monthly / quarterly) bank reconciliations for all accounts	Monthly reconciliations approved at every Council meeting	1
Are reconciliations accurate and do they contain no unexplained items?	No issues	1
Are investments recorded on the reconciliations?	None	1

J Year-end accounts were prepared on the correct accounting basis, agreed with cash book, were supported by an adequate audit trail from underlying records

Are year-end accounts produced on the correct basis R&P or I&E)?	R&P	1
Verify accounts to cash book	Verified	1
Is there an audit trail from underlying financial records to the accounts? (I&E only)		
Verify debtors and creditors (I&E only)		

Levels of assurance: 1 – high, 2 – substantial, 3 – limited, 4 – minimal, n/c – not covered at this visit

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