

BRIMPSFIELD PARISH / TOWN COUNCIL

Internal auditor's report for the year ended 31 March 2017

Date of appointment of Internal Auditor: 14 December 2016

Date(s) of Internal Audit: 14 December 2016 onwards (interim / full)

1. Bookkeeping

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
1.1	Were books made up to date?	Yes	All cheques present in cashbook spreadsheet.	
1.2	Is cash book arithmetic correct? (If excel - check formulae)	Yes		
1.3	Is there evidence of regular in-house checks by members (signed and minuted)?	Yes	Councillors sign off bank reconciliation. Noted that chairman has not signed form date 31 st January 2017.	

2. Day to day transactions

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
2.1	Have Standing Orders been formally adopted?	Yes		
	Have Standing Orders been reviewed and minuted?	Yes	Last reviewed 17 May 2016.	
2.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
2.4	Have Financial regulations been reviewed and minuted?	Yes	Last reviewed 17 May 2016.	
2.5	Have items / services above the de minimus amount been competitively purchased in accordance with Financial and Procurement Regulations?	Yes	Insurance is one of the council's largest expenditures but in 2016 the council was in a 3 year deal.	
2.6	Has the General Power of	Yes	General Power of	

	Competence been adopted? If "yes", has evidence been seen? E.g. a minute		Competence has been adopted	
2.7	If 2.6 = "no", separate account for s.137 payments?	Yes	No separate account but none required.	
2.8	If 2.6 = "no", s.137 spend limit for year identified?	Yes	A NALC legal briefing note retained in the finance folder correctly identifies the limit as £7.42.	
2.9	Loans – interest / principal payable	Yes	Not applicable.	
2.10	Lending – interest / principal receivable.	Yes	Not applicable.	
2.11	Does the Council have a Grant Awarding policy?	Yes	Compliant. Grant Awarding policy is not mandatory.	
2.12	Councils authorisation of Direct Debit / SO list approved.	Yes	Not applicable.	

3. Risk management

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
3.1	Evidence that council maintains an adequate & effective system of internal control, including risk management and that it is reviewed by full council annually?	Yes		
3.2	Copy of Risk Management policy / statement seen?	Yes		
3.3	Minutes checked for unusual activity & evidence that risks are being identified and managed	Yes		
3.4	Minutes initialled, each page identified and overall signed	Yes		
3.5	Insurance – in place, and adequate and appropriate? See also 8.3	Yes	Policy renewed 17 May 2016.	

3.6	Insurance – evidence of review of cover	Yes	Considered at meeting of 17 May 2017.	
3.7	Evidence that assets have been inspected for risk	Yes	Insurance values recalculated, maintenance activities undertaken. Need to formally record?	
3.8	Review of investments, including bank accounts	Yes	Council considered signatories.	

4. Budgetary controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
4.1	Was a budget adopted?	Yes		
4.2	Was a copy of the budget attached to the minute adopting it?	Yes		
4.3	Was a contingency included in the budget?	Yes	See below.	
4.4	Were the objectives of the reserves identified?	Yes	Only as general reserve.	
4.5	Were the balances at the close of the year projected? How many months spend does the general reserve represent?	Yes	General reserve represents approximately one year's expenditure.	
4.6	Did the council regularly compare the actual income and expenditure to the budget, as detailed in financial regulations.	Yes	.	
4.7	Are there any significant unexplained variances from budget?	Yes	No unexplained variances.	

5. Income controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
5.1	Was the precept demand properly minuted?	Yes	Meetings of 26 January 2016 (for 2016-2017) and 24 January 2017 (for 2017-2018).	
5.2	Was the precept received?	Yes	£3480 on 21 April 2016 and £1159 on 22 September 2016.	
5.3	Were all anticipated grants received?	N/A		
5.4	Were all anticipated rents received?	N/A		
5.5	Was all anticipated investment income received?	Yes		
5.6	Is income properly recorded and promptly banked? As quickly as possible	Yes		
5.7	Are security controls over cash adequate and effective? If in receipt of cash, is a receipt provided?	Yes	Cash not handled.	

6. Petty cash/cards/internet banking

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
6.1	Was cash float sufficient and regularly replenished?	N/A	Cash not handled.	
6.2	Was the cash float physically counted by a member?	N/A	Cash not handled.	
6.3	Was expenditure approved?	N/A	Cash not handled.	
6.4	Is all expenditure supported by VAT invoices / receipts?	N/A	Cash not handled.	
6.5	If credit / debit / prepaid cards in use, proper procedures in place?	N/A	Cards not used.	
6.6	Is the 2 cllr signature rule applied to payments made by internet banking?	N/A	Payments are by cheque.	

7. Payroll

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
7.1	Do all staff have a contract of employment?	Yes	Clerk's contract dated 06 January 2015.	
7.2	Are contracts regularly reviewed?	Yes	Appraisal 19 July 2016 resulted in grade increase.	
7.3	Do salaries paid agree with those approved by Council?	Yes	Meeting of 19 July 2017 changed clerk's grade from SCP 19 to SCP 20.	
7.4	Are other payments to employees reasonable and approved by Council?	N/A		
7.5	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes		
7.6	Minimum wage paid?	Yes		
7.7	Are Councillor's allowances and expenses properly authorised & controlled and reported to HMRC if required?	N/A		
7.8	Pension provision in place/considered?	Yes		

8. Assets control

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
8.1	Asset register seen and up to date?	Yes		
8.2	Basis of valuations	No	The focus is on value for insurance purposes. Original cost not always stated. Unclear how asset register is used to	

			generate long term asset value on annual return.	
8.3	Comparison with insurance schedule (see also 3.4)	Yes		

9. Bank reconciliation during the year

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
9.1	Evidence of completion for each account on regular basis?	Yes		
9.2	Any unexplained balancing entries in any reconciliation?	Yes	No unexplained balancing entries.	

10. Year-end procedures

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
10.1	Cash book additions: - (a) tested by Councillor? - (b) tested by Internal Auditor?	Yes		
10.2	Bank reconciliation: - (a) Original bank statement(s) seen? - (b) RFO's reconciliation? (last year and current year)	Yes		
10.3	Where appropriate, debtors and creditors properly recorded?	N/A	Accounts on a receipts and payments basis.	
10.4	RFO to sign and certify year end accounts	Yes		
10.5	Council as a whole to consider the year end accounts	Yes		
10.6	Annual Governance Statement, Section 1 of Annual Return approved by whole council	Yes		
10.7	Annual Statement of Accounts, Section 2 of Annual Return	Yes		

	approved by whole council			
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11. Other matters

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
11.1	VAT - recorded and paid / reclaimed properly?	Yes		
11.2	Code of conduct adopted by resolution of full council?	Yes	Re-adopted at meeting of 17 May 2016.	
11.3	Referrals under the Code of Conduct?	Yes	None observed.	
11.4	Registered with ICO?	Yes		
11.5	Is the Council a Managing Trustee	N/A	Not a managing trustee.	
11.6	Minutes - apologies	Yes		
11.7	Minutes – declarations of interest	Yes		
11.8	Minutes - dispensations	Yes	None observed.	
11.9	Minutes generally	Yes		
11.10	Previous internal audit – action taken where recommended?	Yes	Considered at council meeting of 17 May 2016.	
11.11	Previous external audit – action taken where recommended?	Yes	Borrowings stated as zero.	
11.12	Electronic records backed up, physical records stored securely (fire proof box/off site)	Yes	USB sticks and cloud storage solution.	
11.13	Compliance with Transparency Cde/guidance	Yes		
11.14	List of members' interests held?	Yes	Held on Cotswold District Council's web site.	
11.15	Agendas signed and displayed 3 clear days prior	Yes		
11.16	Summons issued in proper format?	Yes		
11.17	Delegated authority	N/A		