

BRIMPSFIELD PARISH / TOWN COUNCIL

Internal auditors report for the year ended 31 March 2016
Date of appointment of Internal Auditor: 22 December 2015
Date(s) of Internal Audit: 19 February 2016 onwards (full)
Auditor: Shaun Cullimore

1. Bookkeeping

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
1.1	Were books made up to date?	Yes	Only cheque needs to be added to the cash book.	
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	The cash book was reviewed and signed by a councillor on 6 th July 2015.	

2. Day to day transactions

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
2.1	Have Standing Orders been formally adopted?	Yes	Document dated 23 rd February 2015.	
2.2	Have Standing Orders been reviewed and minuted?	Yes	Last review took place at the annual council meeting on 12 th May 2015 (no changes made).	
2.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
2.4	Have Financial regulations been reviewed and minuted?	Yes	Last review took place at the annual council meeting on 12 th May 2015 (no changes made).	
2.5	Have items / services above the de minimus amount been competitively purchased in	Yes	Three companies were invited to tender for the grass cutting contract, two	

	accordance with Financial Regulations?		responded and a selection was made at the council meeting on 26 th January 2016.	
2.6	Has the General Power of Competence been adopted? If "yes", has evidence been seen?	Not applicable		
2.7	If 2.7 = "no", separate account for s.137 payments?	Yes	Section 137 payments have a separate column in the cash book though no such payments have been made.	
2.8	If 2.7 = "no", s.137 spend limit for year identified?	?	The council's expenditure is relatively low. The section 137 spend limit is unlikely to ever be reached.	*
2.9	Loans – interest / principle payable	Not applicable		
2.10	Loans – interest / principle receivable.	Not applicable		

3. Risk management

Ref	Test	Meets requirements	Internal auditors 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	A risk register dated 13 th February 2013 was observed. It should be reviewed regularly (at least annually) but risks are low.	
3.2	Copy of Risk Assessment policy / statement seen?	Yes	The risk register dated 13 th February 2013 was not signed and there is no evidence of subsequent review. It should be reviewed regularly (at least annually). However, risk management activity should be commensurate with the risk	

			and risks are low.	
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	Noted that the Chairman of the meeting only appears to sign alternate pages of the meeting when they are printed double sided.	
3.5	Insurance – in place, and adequate and appropriate? See also 8.3	Yes	Insurance is with Hiscox via Came & Company.	
3.6	Insurance – evidence of review of cover			*
3.7	Review of investments, including bank accounts	Yes		

4. Budgetary controls

Ref	Test	Meets requirements	Internal auditors 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	Budget for 2016-2017 was set in the meeting of 26 th January 2016.	
4.3	Was a contingency included in the budget?	Yes	The council anticipates drawing on reserves to meet its budget.	
4.4	Were the objectives of the reserves identified?	Yes	There is a single, general reserve.	
4.5	Were the balances at the close of the year projected? How many months spend does the free reserve represent?	Yes		
4.6	Did the council regularly compare	Yes	The Clerk presents a current	

	the actual income and expenditure to the budget?		picture of the council's finances at each meeting and projects the likely outcome for the year.	
4.7	Are there any significant unexplained variances from budget?	Yes	No significant variances.	

5. Income controls

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
5.1	Was the precept demand properly minuted?	Yes	The precept for 2016-2017 was set in the meeting of 26 th January 2016.	
5.2	Was the precept received?	Yes	The precept for 2015-2016 was received in two tranches.	
5.3	Were all anticipated grants received?	Yes	A grant was received from the Transparency Fund.	
5.4	Were all anticipated rents received?	Not applicable		
5.5	Was all anticipated investment income received?	Yes	Minor interest payments received.	
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	There is no significant handling of cash.	

6. Petty cash

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
6.1	Was cash float sufficient and regularly replenished?	Not applicable		
6.2	Was the cash float physically counted by a member?	Not applicable		

6.3	Was expenditure approved?	Not applicable		
6.4	Is all expenditure supported by VAT invoices / receipts?	Not applicable		
6.5	If credit / debit / prepaid cards in use, proper procedures in place?	Not applicable		

7. Payroll

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
7.1	Do all staff have a contract of employment?	Yes	Contract (based on NALC model) dated 6 th January 2015.	
7.2	Are contracts regularly reviewed?	Yes	The Clerk's change in working hours from 1 st April 2015 demonstrate the terms and conditions are reviewed.	
7.3	Do salaries paid agree with those approved by Council?	Yes	The Clerk's hours and grade were increased to 4 hours per week at SCP 19 at the meeting of 20 th April 2015.	
7.4	Are other payments to employees reasonable and approved by Council?	Yes	The Clerk is the only employee.	
7.5	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	PATA is contracted to perform payroll.	
7.6	Minimum wage paid?	Yes	Clerk (only employee) is paid at SCP 19.	
7.7	Are Councillor's allowances and expenses properly authorised & controlled and reported to HMRC if required?	Yes	No payments to councillors were observed.	

8. Assets control

Ref	Test	Meets	Internal auditors comments	For use by Council
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		requirements		
8.1	Asset register seen and up to date?			*
8.2	Basis of valuations			*
8.3	Comparison with insurance schedule (see also 3.4)			*
8.4	Evidence that assets have been inspected for risk, and dated.			*

9. Bank reconciliation during the year

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
9.1	Evidence of completion for each account on regular basis?	Yes	Reconciliations were observed dated 1 st May 2015, 6 th July 2015 and 31 st January 2016 (noted that first two were countersigned by a councillor whereas the last one was not).	
9.2	Any unexplained balancing entries in any reconciliation?	Yes	No unexplained items.	

10. Year-end procedures

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
10.1	Cash book additions: - (a) tested by Councillor? - (b) tested by Internal Auditor?	Yes	Copies of the cash book were countersigned by a councillor on 12 th May 2015 and 6 th July 2015.	
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?	Not applicable	Accounts are maintained on a receipts and payments basis.	
10.4	RFO to sign and certify			*

	statement of accounts			
10.5	Council as a whole to consider the statement of accounts			*
10.6	Council as a whole to approve the statement of accounts for submission to the auditor <u>by resolution</u>			*
10.7	Statement of accounts to be signed and dated by person presiding at meeting referred to in 10.5			*
10.8	Summary of section A of Annual Return prepared on proper basis: - tested by Councillor? - tested by internal Auditor			*

11. Other matters

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
11.1	VAT - recorded and paid / reclaimed properly?	Yes	VAT is identified in the cash book. No VAT claim has been made in the year under audit.	
11.2	Code of conduct adopted by resolution of full council?	Yes	Code of Conduct dates from 1 st July 2012.	
11.3	Referrals under the Code of Conduct?	Yes	No referrals made.	
11.4	Registered with ICO?	Yes	Registration covers the period 24 th March 2015 to 23 rd March 2016.	
11.5	Is the Council a Managing Trustee	Yes	Council is not a managing trustee.	
11.6	Minutes - apologies	Yes		
11.7	Minutes – declarations of interest	Yes	No declarations were observed in the minutes that were reviewed though the agenda provided for such declarations.	

11.8	Minutes - dispensations	Yes		
11.9	Minutes generally	Yes		
11.10	Previous internal audit – action taken where recommended?	Yes	No actions were recommended.	
11.11	Previous external audit – action taken where recommended?	Yes	No actions were recommended.	
11.12	Electronic records backed up			*
11.13	Chairman’s box			*
11.14	List of members’ interests held?	Yes	The Registers of Interests of four councillors were observed but the others were not present in the file.	
11.15	Agendas signed and displayed 3 clear days prior	Yes	Displayed agendas were not observed but the dating of the agendas suggest that this requirement is met.	
11.16	Summons issued in proper format?	Yes		
11.17	Delegated authority	Yes	Authority is not delegated.	
11.18	Audit procedures	Yes	All council financial transactions are recorded in the meeting minutes. Audit requirements are met. Neither the internal nor external audits of 2014-2015 identified any matters of concern.	

Other points noted:

1. The minutes of the Annual Parish Meeting bear the title “ Annual Parish Council Meeting”. This is probably a cut and paste error as the Clerk is clearly aware of the difference.
2. The Annual Meeting of the Parish Council on 12th May 2015 was followed by an ordinary meeting of the Parish Council on the same night. The Annual Meeting could have included all other business provided the election of the council chairman was the first business.
3. The meeting agendas state that members of the public may address the council “prior to the meeting”. The agendas also include an item where members of the public may address the council. However, this participation appears to be

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