

BRIMPSFIELD PARISH COUNCIL
 Internal auditors report for the year ended 31st March 2015
 Internal auditor: Shaun Cullimore
 Date of appointment of Internal Auditor: 2nd March 2015
 Date(s) of Internal Audit: 7th April 2015

1. Bookkeeping

Ref	Test	Meets requirement	Internal auditor's comments	For use by Council
1.1	Were books made up to date?	Yes	Last cheque written was 216. This had been entered in the cash book.	
1.2	Is cash book arithmetic correct? (If excel - check formulae)	Yes	Cash book is a physical journal. It was noted that the totals for income and expenditure were carried forward each year. They should be ruled off and only the surplus/deficit carried forward to the new financial year.	
1.3	Is the cash book regularly balanced?	Yes	The cash book was balanced on 18 th March 2015.	
1.4	Is there evidence of regular in-house checks by members (signed and minuted)?	No	The present clerk ensures that all payments are recorded in the minutes. There are relatively few transactions so this is a low risk.	

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	Noted that use of colour as a key means that the document cannot be properly interpreted if printed in monochrome.	
2.2	Have Standing Orders been reviewed and minuted?	Yes	See minutes of 23 rd February 2015.	
2.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
2.4	Have Financial regulations been reviewed and minuted?	Yes	See minutes of 23 rd February 2015.	
2.5	Sample review of payments	No	The clerk has undertaken to produce a new procedure covering this (see minutes of 23 rd February 2015 item 12d).	
2.6	Have items / services above the de minimus amount been competitively purchased in accordance with Financial Regulations?	Not applicable		
2.7	Has the General Power of Competence been adopted? If "yes", evidence seen?	-	The General Power of Competence has not been adopted.	
2.8	If 2.7 = "no", separate account for s.137 payments?	-	There is no separate account.	
2.9	If 2.7 = "no", s.137 spend limit for year identified?	Yes	The clerk has a record of the Section 137 spending limit. I suggest it would be useful to include this figure on the budget so that it is visible to councillors.	
2.10	Loans – interest / principle payable	-	The council does not have any loans.	
2.11	Loans – interest / principle receivable.	-	The council does not have any loans.	

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	There is a risk register dated 13 th February 2013.	
3.2	Copy of Risk Assessment policy / statement seen?	-	The above documents appear to adequately address the topic of risk.	
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	The minutes have been initialled and signed. The pages of all the minutes are numbered sequentially starting with the minutes of 14 th April 2009.	
3.5	Insurance – in place, and adequate and appropriate? See also 8.3	Yes	Insurance taken out with Hiscox via Came & Company. Coverage ends 31 st May 2015.	
3.6	Insurance – evidence of review of cover	Yes	There is no evidence of regular review. The council is in a three year agreement but should still review the adequacy of the cover at least annually. However, it was noted that the budget for insurance for 2015-2016 was increased to include cover for a lap top (see meeting of 20 th October 2014 minute 8.5).	
3.7	Evidence that assets have been inspected for risk	Yes	The Asset Register describes insurance values and actions that have been undertaken to evaluate risks and values (e.g. the war memorial).	
3.8	Review of investments,	Yes	The council has a deposit account. There are no	

	including bank accounts		significant investments.	
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4. Budgetary controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
4.1	Was a budget adopted?	Yes	20 th Oct 2014 minute 8.5	
4.2	Was a copy of the budget attached to the minute adopting it?	No		
4.3	Was a contingency included in the budget?	Yes	The council has identified its reserves and the anticipated changes in the reserves as a result of the budget.	
4.4	Were the objectives of the reserves identified?	No	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	The balances are projected. Reserves are approximately equivalent to 8 months expenditure.	
4.6	Did the council regularly compare the actual income and expenditure to the budget?	Yes	Yes, for example see minute of 23 rd February 2015.	
4.7	Are significant variances from budget explained?	No	Only significant variances occur where money has been budgeted but not yet spent.	

5. Income controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
5.1	Was the precept demand properly minuted?	Yes	See minutes of meeting held on 20 th October 2014 item 8.5.	Y
5.2	Was the precept received?	Yes	In two tranches (22 nd April 2014 and 2 nd September 2014).	
5.3	Were all anticipated grants received?	Yes	A grant for £500 was received from Cotswold District Council on 17 th July 2014.	
5.4	Were all anticipated rents received?	Not applicable.		
5.5	Was all anticipated investment income received?	Yes	Trivial interest on the deposit account was received and accounted for.	
5.6	Is income properly recorded and promptly banked?	Yes		
5.7	Are security controls over cash adequate and effective?	Yes	The council does not hold cash.	

6. Petty cash

Ref	Test	Meets requirements	Internal auditor's 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 auditor's comments	For use by Council
7.1	Do all staff have a contract of employment?	Yes	Issued 6 th January 2015.	
7.2	Are contracts regularly reviewed?	Yes	Not applicable as the clerk is only recently in post.	
7.3	Do salaries paid agree with those approved by Council?	Yes	The clerk's grade is in the contract of employment. The rate of pay is correct prior to 1 st January 2015 but the increase in the hourly rate as a result of the national 2014-2016 pay agreement has not been paid.	
7.4	Are other payments to employees reasonable and approved by Council?	Yes	There are no other employees.	
7.5	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	The council has engaged PATA to administer the payroll.	
7.6	Minimum wage paid?	Yes		
7.7	Are Councillor's allowances and expenses properly authorised & controlled and reported to HMRC if required?	Yes	At the meeting of 23 rd February 2015 Councillors Lock and Lonsdale were reimbursed for expenditure they had incurred on behalf of the council. The decision was minuted and the receipts were viewed.	

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	A comprehensive asset register was available. The internal audit suggested that the Village Hall should be added to it. The council had reviewed the report and agreed to do this.	
8.2	Basis of valuations?	Yes	Purchase prices and more recent valuations for insurance purposes were available. This included specialist advice where appropriate.	
8.3	Comparison with insurance schedule (see also 3.5)?	Yes	The items mentioned in the asset register are included in the insurance schedule. They are not identified individually therein but appear under the appropriate heading (e.g. "Street Furniture").	
8.4	Assets inspected for risk and dated?	Yes	Particularly sensitive items (e.g. the war memorial) are inspected and appropriate actions taken.	

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	There are bank reconciliations. However, there appears to be a tick to indicate that the bank statement and the cash book agree; the workings cannot be seen.	
9.2	Any unexplained balancing entries in any reconciliation?	Yes	There are no unexplained entries but see the comment above.	

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?	Yes	The bank reconciliation contained in the 2013-2014 Annual Return has a figure for the balances carried forward that can be seen to relate to the bank statements. The figure in the cash book is different (higher) because the total income and expenditure is rolled forward each year (rather than the difference).	
10.3	Where appropriate, debtors and creditors properly recorded?	Yes		
10.4	RFO has signed and certified statement of accounts?	Yes	The accounts presented for the 2013-2014 Annual Return are signed.	
10.5	Council as a whole has considered the statement of accounts?	Yes	See the minutes of the meeting of 19 th May 2014 item 12.4.	
10.6	Council as a whole has approved the statement of accounts for submission to the auditor by resolution?	Yes	See the minutes of the meeting of 19 th May 2014 item 12.7.	
10.7	Statement of accounts signed and dated by person presiding at meeting referred to in 10.5?	Yes	I would recommend that the names are printed on the accounts in addition to the signatures as the signatures can be difficult to read.	
10.8	Summary of section A of Annual Return prepared on proper basis: - tested by Councillor? - tested by internal Auditor?	Yes	An internal audit report was considered by the council prior to the sign off of the 2013-2014 Annual Return.	

11. Other matters

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
11.1	VAT - recorded and paid / reclaimed properly?	Yes	The only VAT payment in 2014-2015 was to the payroll agency. VAT was last reclaimed on 17 th April 2013.	
11.2	Code of conduct adopted by resolution of full council?	Yes	The present code was adopted from 1 st July 2012. At the its meeting of 16 th July 2012 the council considered the new code but its adoption was subject to the members reading it and raising any objections later. This is rather open ended. The code should have been adopted by resolution.	
11.3	Referrals under the Code of Conduct?	Yes	No referrals were observed.	
11.4	Registered with ICO?	Yes		
11.5	Is the Council a Managing Trustee?	Yes	The council owns the village hall but are custodian (not managing) trustees.	
11.6	Minutes – apologies?	Yes	Apologies are recorded.	
11.7	Minutes – declarations of interest?	Yes	The present clerk has “declarations of interest” as a standard heading. A declaration under this heading was recorded on 23 rd February 2015.	
11.8	Minutes – dispensations?	Yes	No applications for dispensation were observed.	
11.9	Minutes generally?	Yes	Noted that the minutes of the Annual Parish Meeting are signed off at a subsequent parish council meeting. This is inappropriate; it is not a parish council meeting and councillors are not required to attend.	
11.10	Previous internal audit – action taken where recommended?	No	The internal audit report recommended that consideration be given to the status of the Village Hall. As a result the council concluded that it should appear in the asset register (the council own it but are not responsible for its operation and maintenance).	

11.11	Previous external audit – action taken where recommended?	Yes	The recording of the council tax support grant will need to be modified.	
11.12	Electronic records backed up?	No evidence seen		
11.13	Chairman's box?	No evidence seen		
11.14	List of members' interests held?	Yes		
11.15	Agendas signed and displayed 3 clear days prior?	Yes		
11.16	Summons issued in proper format?	Yes		
11.17	Delegated authority?	Yes	The council does not operate committees.	
11.18	Audit procedures?	-		