

TIDENHAM PARISH COUNCIL

Internal auditor's report for the year ended 31st March 2018

Date of appointment of Internal Auditor: 3rd January 2018 (confirmed by a minute)

Date(s) of Internal Audit: 15th May 2018 (~~interim~~ / full)

Auditor: Shaun Cullimore

1 Working documents

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
1.1	Have Standing Orders been tailored and formally adopted?	Yes		
1.2	Have Standing Orders been reviewed and minuted?	Yes	The SOs were adopted in June 2015. Although minutes state that have been reviewed each year there have been no changes (other than a recent change to planning committee procedures). The NALC Model Text has changed this year and should be considered as it reflects changes in legislation and best practice.	
1.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
1.4	Have Financial regulations been reviewed and minuted?	Yes	Annual review takes place. Changed in May 2017 to incorporate online banking.	
1.5	Does the council have a grant awarding policy?	Yes	Parish Grant Scheme is published on the website. Last amended May 2012. Consider review?	Review to be considered July 2018
1.6	Have items /	N/A	Grass cutting was tendered but a three-year	

	services above the recommended amount been competitively purchased in accordance with Financial and Procurement Regulations? (LARGE COUNCILS)		contract was awarded so nothing in 2017-2018.	
1.7	Evidence that council maintains an adequate & effective system of internal control, including risk management and that it is reviewed by full council annually?	Yes	Council has a risk assessment which is regularly reviewed. Council also has an Investment Strategy and Financial Risk Assessment document reviewed March 2017.	
1.8	Public land and building assets	Yes	Asset register includes land and buildings and is published on the website. Figure for total assets agrees closely with the figure quoted in the Annual Return for 2016-2017.	
1.9	Code of conduct adopted by resolution of full council?	Yes	Adopted 2012. No evidence of recent review though.	To be reviewed July 2018 although no change to Model Code

2 Administration

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
2.1	Has the General Power of Competence been adopted (e.g. a minute reference)	No	Not adopted.	Council not Eligible for consideration
2.2	Is there a separate account for s.137 payments?	Yes	Clerk has identified the spending limit and accrues the amount spent under this power.	
2.3	Councils authorisation of Direct Debit list and Standing Orders.	Yes	Standing Orders were amended to deal with online banking.	
2.4	Was the precept demand properly minuted?	Yes	In December 2017 the Council resolved to accept the budget recommended by the Finance and Probity Committee and a corresponding precept of £94,606.	
2.5	Was Petty Cash expenditure approved?	N/A		
2.6	Cash	N/A	Cash not routinely handled.	
2.7	Is all expenditure supported by VAT invoices, if applicable?	Yes	Several invoices were examined. VAT is recorded in the cash book.	
2.8	VAT - recorded and paid / reclaimed properly?	Yes	VAT refund of £13,141.01 recorded in minutes of September 2017.	
2.9	Loans	N/A		

3 Risk Management

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
3.1	Insurance	Yes		
3.2	Insurance – evidence of review of cover	Yes	The Council meeting of September 2017 considered the adequacy of the Council's insurance.	
3.3	Copy of Risk Management policy / statement seen?	Yes	See 1.7.	
3.4	Asset register seen and up to date?	Yes	Dated 31 st March 2018.	
3.5	Evidence that assets have been inspected for risk	Yes	RoSPA examination once a year, handyman does an inspection once a month. Issues are reported to the council.	
3.6	Review of investments, including bank accounts	Yes	The Council's banking arrangements were considered in May 2017.	
3.7	Is 'two councillor signatures' rule applied to payments made by internet banking?	Yes	The Council meeting in January 2018 considered this. Standing Orders were changed.	
3.8	If credit / debit / prepaid cards in use, are proper procedures in place?	N/A		
3.9	Electronic and physical records backed up	Yes	Both local and cloud-based solutions are used. Clerk is considering the implications of the GDPR.	

4 Budgetary controls

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
4.1	Was a budget adopted and minuted?	Yes	Budget for 2018-2019 was approved by full council December 2018 on the recommendation of the Finance Committee.	
4.2	Were the objectives of the reserves identified?	Yes		
4.3	Did the council regularly compare the actual income and expenditure to the budget as detailed in the financial regulations?	Yes	The Finance and Probity Committee receive a Budget Monitoring Sheet for its consideration. Their minutes go to full council.	
4.4	Are any significant unexplained variances from budget minuted?	N/A		

5 Payroll

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
5.1	Do all staff have a contract of employment?	Yes	Contracts of Employment for the clerk and the assistant were approved in March 2017.	
5.2	Do salaries paid agree with those approved by Council?	Yes	In December 2017 clerk's grade went from 30 to 31. In March 2018 assistant's grade went from 18 to 19 (note that the minutes incorrectly state to 9). The pro-rata salaries agree with	

			the relevant pay scales (17 hours for the clerk, 15 hours for the assistant).	
5.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes		
5.4	Minimum wage paid?	Yes	For both employees.	
5.5	Are Councillor's allowances and expenses properly authorised & controlled (LARGE COUNCILS)	N/A		
5.6	Pension provision – an audit trail	Yes	Clerk has been placed in the Local Government pension scheme. The Council does not need to contribute to a pension for the Assistant although he should have been offered the opportunity to have one set up, to meet auto-enrolment pensions legislation, so that he could contribute even if he was below the income threshold for council to have to contribute as well. This should all be minuted.	Admin Assistant had declined to enrol in pension scheme but this was not minuted – will be noted June 2018

6 Year-end procedures

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
6.1	Bank reconciliation: - (a) Original bank	Yes		

	statement(s) seen? - (b) RFO's reconciliation?			
6.2	Where appropriate, debtors and creditors properly recorded? (LARGE ONLY)	N/A		
6.3	Council as a whole to consider the year-end accounts	Yes	2016-2017 accounts approved May 2017. This year's accounts were seen and were about to be presented to council.	
6.4	Annual Governance Statement, section 1 of Annual Return, approved by whole council and published on website (mandatory for councils with turnover under £25,000)	Yes	2016-2017 statement approved April 2017.	
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council	Yes	2016-2017 statement approved May 2017.	
6.6	Previous internal audit – action taken where recommended? Internal Audit page published on website (mandatory	Yes	Report was considered at meeting of June 2017 together with clerk's recommendations.	

	for councils with turnover under £25,000)			
6.7	Previous external audit – action taken where recommended?	Yes	Council Tax Support Grant had been included with the precept. The 2016-2017 figures were restated to show the Council Tax Support Grant as part of “Other income”.	

7 Other matters

Ref	Test	Meets requirements?	Internal Auditor’s comments	For use by Council
7.1	Registered with ICO?	Yes		
7.2	Is the Council a Managing Trustee	Yes	Accounts are separate.	

8 Procedures

Ref	Test	Meets requirements?	Internal Auditor’s comments	For use by Council
8.1	Minutes – declarations of interest	Yes		
8.2	Minutes generally	Yes		
8.3	Minutes initialled on each page and final page signed	Yes		
8.4	Compliance with Transparency Code/guidance?	Yes		
8.5	List of members’ interests held?	Yes	Can be accessed from the parish council website.	
8.6	Were books made	Yes		

	up to date?			
8.7	Agendas signed and displayed 3 clear days' prior	?	Auditor did not observe paper notices.	
8.8	Summons issued in proper format?	?	Public agenda but auditor did not see the summons to councillors.	
8.9	Delegated authority	Yes	Clerk has delegated authority to spend on training up to the amount in the budget and also on emergency repairs.	

9 Sampling

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
9.1	Is income properly recorded and promptly banked?	Yes		
9.2	Audit trail	Yes		