

TIDENHAM PARISH COUNCIL

Internal auditor's report for the year ended 31 March 2019

Date of Internal Audit: 29th April 2019

Name of Auditor: Shaun Cullimore

1. Working documents

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
1.1	Have Standing Orders been tailored to council and formally adopted?	Yes		
1.2	Have Standing Orders been reviewed and minuted?	Yes	At meeting on 16 th January 2019.	
1.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
1.4	Have Financial regulations been reviewed and minuted?	Yes	At meeting on 20 th June 2018.	
1.5	Does the council have a grant awarding policy?	Yes	A grant awarding policy was adopted 18 th July 2018.	
1.6	Have items / services above the recommended amount been competitively	Yes	On occasions, it has been difficult to get enough interest from local businesses to obtain three quotes.	

	purchased in accordance with Financial and Procurement Regulations? (LARGE COUNCILS)			
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	General risk assessment last reviewed 20 th June 2018. There is also a risk assessment looking specifically at financial risks. This was last reviewed 18 th April 2018.	
1.8	Details of public land and building assets on website (if applicable)?	Yes	The asset register is available on the public website.	
1.9	Code of conduct adopted?	Yes	The code was last reviewed 18 th July 2018.	

2. Admin

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
2.1	Has the General Power of Competence been adopted (e.g. a minute reference)?	N/A	The council is not eligible.	

2.2	Is there a separate account for s.137 payments?	Yes	Use of this power is identified in the cash book.	
2.3	Council authorisation of Direct Debit list and Standing Orders?	Yes	A payments sheet is produced for each meeting. Each payment is initialled by members.	
2.4	Was the precept demand properly minuted?	Yes		
2.5	Was Petty Cash expenditure approved?	N/A	The council does not deal with cash.	
2.6	Receipts issued for cash income?	N/A		
2.7	Is all expenditure supported by VAT invoices, if applicable?	Yes		
2.8	VAT - recorded and paid / reclaimed properly?	Yes	Recorded in cash book. Last reclaim was recorded in the cash book and credited to the bank on 9 th October 2018 (£8127.76).	
2.9	Purpose of loan and power identified, if applicable?	N/A	No loans given or received.	

3. Risk management

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
-----	------	---------------------------------	-----------------------------	--------------------

3.1	Insurance policy in place?	Yes	Insurance is through Came & Company as broker. Insurance schedule shows insured assets that broadly agree with the council's Asset Register. Sedbury and Beachley Village Hall is the subject of a separate policy.	
3.2	Evidence of review of insurance cover?	Yes	Insurance was considered at the meeting of 19 th September 2018.	
3.3	Copy of Risk Management policy / statement seen?	Yes		
3.4	Asset register seen and up to date?	Yes	Reviewed on 16 th May 2018.	
3.5	Evidence that assets have been inspected for risk?	Yes	A contractor is paid to inspect the council's assets monthly using a checklist driven by the Asset Register.	
3.6	Review of investments, including bank accounts?	Yes	Reviewed at the meeting of 18 th April 2018. The council works proactively to keep the balances on its accounts within compensation limits. It also seeks interest income where it can (though this is difficult in the current climate).	
3.7	Is 'two councillor signatures' rule applied for payment orders?	Yes	Payment sheet is submitted to each meeting and actioned by members who initial the sheet.	
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	Records are backed up to the cloud and to a local USB drive. Main council documents are also on the website.	

4. Budgetary controls

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
4.1	Was a budget adopted and minuted?	Yes	Budget was drafted by the Finance and Probity Committee at their meeting on 5 th December 2018 and approved by full council on 12 th December 2018.	
4.2	Were the objectives of the reserves identified?	Yes	Additionally, as this is an election year, the council identified a figure of £5,000 to be used for election expenses if required.	
4.3	Did the council regularly compare the actual income and expenditure to the budget (as detailed in the financial regulations)?	Yes	Considered at each meeting of the Finance and Probity Committee.	
4.4	Are any significant unexplained variances from budget minuted?	N/A		

5. Payroll

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
5.1	Do all staff have a contract of employment?	Yes	A contract has been prepared for a new member of staff and signed. A recent change to the Clerk's hours will be covered by a letter.	
5.2	Do salaries paid agree with those approved by Council?	Yes	Clerk's salary grade was increased to 32 from 1 st January 2019. The change was minuted 12 th December 2018. The payment was in accord with the published salary scales (17 hours per week is £13,350).	
5.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	Payroll is outsourced.	
5.4	Minimum wage paid?	Yes		
5.5	Are Councillor's allowances and expenses properly authorised & controlled?	N/A		

	(LARGE COUNCILS)			
5.6	Pension provision – eligible employees offered pension scheme?	Yes	Clerk is in pension scheme. It was minuted that the recently departed Assistant Clerk had declined a pension. The matter is under consideration for the new starter.	

6. Year-end procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
6.1	Bank reconciliation: - (a) Original bank statement(s) seen? - (b) RFO's reconciliation?	Yes		
6.2	Where appropriate, debtors and creditors properly recorded? (LARGE COUNCILS)	N/A	Accounts are operated on a receipts and payments basis.	
6.3	Council as a whole to consider the year-end accounts?		Not completed for 2018-2019 at the time of the audit.	
6.4	Annual Governance Statement, section 1 of Annual Return, approved by whole council and published on website (mandatory)	Yes	Annual Governance Statement was considered by the council 17 th April 2019 and I would expect it to be on the website once the remaining sections of the Annual Return are completed. Annual Governance Statement for 2017-2018 is on the website.	

	for councils with turnover under £25,000)?			
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council?		Not completed for 2018-2019 at the time of the audit.	
6.6	Previous internal audit – action taken where recommended?	Yes	All items addressed.	
6.7	Internal Audit page published on website (mandatory for councils with turnover under £25,000)?		Page is on website for 2017-2018.	
6.8	Previous external audit – action taken where recommended?	N/A	No actions were identified.	

7. Other matters

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
7.1	Policies in place for compliance with GDPR?	Yes	Clerk has done a lot of work on privacy statements, etc.	

7.2	Is the Council a Managing Trustee?	Yes	Mopla Cottages. The accounts are separate and were not reviewed.	
-----	------------------------------------	-----	--	--

8. Procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
8.1	Minutes – DPIs or other interests recorded?	Yes		
8.2	Minutes published on website in draft form within one month?	Yes		
8.3	Minutes initialled on each page and final page signed?	Yes	In hard copy version on file.	
8.4	Compliance with Transparency Code/guidance?	Yes		
8.5	List of members' interests held?	Yes	Registers of Members' Interests are on the website.	
8.6	Were books made up to date?	Yes	Cash book was complete for 2018-2019.	
8.7	Agendas signed and displayed 3 clear days' prior to meeting?	Yes	Agendas not observed on noticeboards, but the dating of the agendas seen suggest compliance.	
8.8	Summons issued in proper format?	Yes	The Clerk publishes a separate agenda and summons (which is fine, though one document could serve both purposes).	

9. Sampling

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
9.1	Is income properly recorded and promptly banked?	Yes	The council's income and expenditure are primarily via bank transfers.	
9.2	Audit trail for selected sample transactions?	Yes		