

QUITTING POWER PARISH / TOWN COUNCIL

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

Date of appointment of Internal Auditor: 30<sup>th</sup> November 2017 (confirmed by a minute)

Date(s) of Internal Audit: 3<sup>rd</sup> May 2018 (~~interim~~ / full)

**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	Reviewed 10 <sup>th</sup> May 2017 item 11. No changes made. Consideration should be given to the latest model text (revised 2018).	
1.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
1.4	Have Financial regulations been reviewed and minuted?	Yes	Reviewed 10 <sup>th</sup> May 2017 item 12. No changes made. Consideration should be given to the latest model text (revised 2016).	
1.5	Does the council have a grant awarding policy?	No	No policy seen but council makes a substantial donation (should be grant?) towards fireworks. However, this is probably OK under GPC.	
1.6	Have items / services above the recommended amount been competitively purchased in accordance with Financial and	N/A		

	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	Council maintains a risk register last reviewed 10 <sup>th</sup> May 2017.	
1.8	Public land and building assets	N/A		
1.9	Code of conduct adopted by resolution of full council?	Yes	Reviewed 10 <sup>th</sup> May 2017 item 10.	

## 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)	Yes	Re-adopted 10 <sup>th</sup> May 2017 item 9.	
2.2	Is there a separate account for s.137 payments?	Yes	There is a line in the budget but note that s.137 is a power not a spending category. Clerk is aware of s.137 spending constraints.	
2.3	Councils authorisation of	N/A	All transactions use cheques.	

	Direct Debit list and Standing Orders.			
2.4	Was the precept demand properly minuted?	Yes	Meeting of 17 <sup>th</sup> January 2018.	
2.5	Was Petty Cash expenditure approved?	N/A		
2.6	Cash	N/A	No cash handling.	
2.7	Is all expenditure supported by VAT invoices, if applicable?	Yes		
2.8	VAT - recorded and paid / reclaimed properly?	Yes	VAT recorded in the cash book.	
2.9	Loans	N/A		

### 3 Risk Management

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
3.1	Insurance	Yes	Insured with Inspire through Came & Co.	
3.2	Insurance – evidence of review of cover	Yes	Council reviewed its cover at 10 <sup>th</sup> May 2017 meeting.  Council required a risk assessment for an event to ensure their insurer's requirements were met.	
3.3	Copy of Risk Management policy / statement seen?	Yes	No document called a policy but there is a maintained risk register.	
3.4	Asset register seen	Yes	Reviewed 10 <sup>th</sup> May 2017 item 13. Asset	

	and up to date?		Register is on the website.	
3.5	Evidence that assets have been inspected for risk	Yes	Regular reports to the council are made regarding play equipment. RoSPA also commissioned to do an annual survey.	
3.6	Review of investments, including bank accounts	Yes	Banking is with Lloyds and Scottish Widows.	
3.7	Is 'two councillor signatures' rule applied to payments made by internet banking?	Yes	Cheque stub is initialled by two councillors. Invoice is not signed but there is a list of payments presented to each council meeting.	
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	Encrypted USB keys were proposed 17 <sup>th</sup> January 2018 and have subsequently been purchased.	

#### 4 Budgetary controls

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
4.1	Was a budget adopted and minuted?	Yes		
4.2	Were the objectives of the reserves identified?	Yes	Only separately identified reserve is for playground. Rest is general reserve.	
4.3	Did the council regularly compare the actual income and expenditure to the budget as detailed in the	Yes	Income and expenditure is reviewed at each meeting.	

	financial regulations?			
4.4	Are any significant unexplained variances from budget minuted?	No	The report for expenditure v budget for 31 <sup>st</sup> October 2017 shows zero spend against the "Other" category (with a budget of £70). £666.33 was spent on fireworks at the November meeting. The large variance did not appear to be discussed.	

## 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	Clerk is only member of staff.	
5.2	Do salaries paid agree with those approved by Council?	Yes	Noted that the meeting of 08 <sup>th</sup> November 2017 changed clerk's grade from SCP21 to SCP22.	
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		
5.5	Are Councillor's allowances and expenses properly authorised & controlled (LARGE COUNCILS)	N/A		
5.6	Pension provision –	Yes	It was confirmed to council that actions had	

	an audit trail		been discharged 20 <sup>th</sup> September 2017.	
--	----------------	--	--	--

## 6 Year-end procedures

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
6.1	Bank reconciliation: - (a) Original bank statement(s) seen? - (b) RFO's reconciliation?	Yes	Reconciliations are brought to meetings (e.g. 17 <sup>th</sup> January 2018).  Note that there appear to be incorrect dates on the reconciliations in respect of the dates of Scottish Widows interest payments.  The reconciliation considered at the 14 <sup>th</sup> March 2018 meeting has a title of 31 <sup>st</sup> January but is actually for 28 <sup>th</sup> February.  Reconciliation for 2016-2017 appears in the minutes of the meeting of 10 <sup>th</sup> May 2017 but appears unreadable on the website.	
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	Approved 10 <sup>th</sup> May 2017.	
6.4	Annual Governance Statement, section 1 of Annual Return, approved by whole council and published on website (mandatory for councils with	Yes	Approved 10 <sup>th</sup> May 2017.	

	turnover under £25,000)			
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council	Yes	Approved 10 <sup>th</sup> May 2017.	
6.6	Previous internal audit – action taken where recommended? Internal Audit page published on website (mandatory for councils with turnover under £25,000)	Yes	Internal auditor's report was reviewed 10 <sup>th</sup> May 2017. Minutes are not specific about any actions being required or taken. I think the internal auditor's report should be reviewed prior to the council considering the annual governance statement.	
6.7	Previous external audit – action taken where recommended?	Yes	No actions necessary.	

## 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	Trust accounts are separate.	

## 8 Procedures

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
8.1	Minutes – declarations of interest	Yes	Example in minutes of 8 <sup>th</sup> November 2017.	

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	Enquirers are referred to Cotswold District Council.	
8.6	Were books made up to date?	Yes	All cheques authroised in 2017-2018 were in cash book.	
8.7	Agendas signed and displayed 3 clear days' prior	Yes	Physical notices not observed but dating of agendas suggest compliance.	
8.8	Summons issued in proper format?	Yes		
8.9	Delegated authority	N/A		

## 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		

### General Points

Many documents are reviewed at the Annual Meeting of the Parish Council, along with the insurance cover. Not sure how effective this is. This is a very busy meeting and may be the first meeting for newly elected councillors. Might be better to spread the review of some of these items across other meetings.