

GUITING POWER PARISH / TOWN COUNCIL

Internal auditor's report for the year ended 31 March 2017
Date of appointment of Internal Auditor: 14 December 2016
Date(s) of Internal Audit: 14 December 2016 onwards (interim / full)

1. Bookkeeping

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
1.1	Were books made up to date?	Yes	All cheques present in cashbook spreadsheet.	
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	Councillors sign off bank reconciliation. Noted that chairman has not signed form date 31 st January 2017.	

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		
	Have Standing Orders been reviewed and minuted?	Yes	Last reviewed 18 May 2016.	
2.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
2.4	Have Financial regulations been reviewed and minuted?	Yes	Last reviewed 18 May 2016.	
2.5	Have items / services above the de minimus amount been competitively purchased in accordance with Financial and Procurement Regulations?	Yes	No evidence of competitive purchasing. £365 was spent on fireworks but this is less than the £500 required to trigger the obtaining of three quotes. Generally amounts of expenditure are low.	

2.6	Has the General Power of Competence been adopted? If “yes”, has evidence been seen? E.g. a minute	Yes	General Power of Competence has been adopted but continued eligibility was NOT re-confirmed at the annual council meeting of 2016 as required by the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012.	
2.7	If 2.6 = “no”, separate account for s.137 payments?	Yes	No separate account but none required.	
2.8	If 2.6 = “no”, s.137 spend limit for year identified?	Yes	A NALC legal briefing note retained in the finance folder correctly identifies the limit as £7.42.	
2.9	Loans – interest / principal payable	Yes	Not applicable.	
2.10	Lending – interest / principal receivable.	Yes	Not applicable.	
2.11	Does the Council have a Grant Awarding policy?	No	Noted that in previous years significant “donations” (I think the term “grants” is more correct) had been given but none in the year under review.	
2.12	Councils authorisation of Direct Debit / SO list approved.	Yes	Not applicable.	

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	The council has an Internal Controls Policy. First use of the policy was reported to the meeting of 9 November 2016.	

3.2	Copy of Risk Management policy / statement seen?	Yes	The council has a Risk Register last reviewed December 2015. A risk assessment was conducted prior to a fireworks display and a village fete.	
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	See minutes for 9 November 2016.	
3.5	Insurance – in place, and adequate and appropriate? See also 8.3	Yes	Cover is with Hiscox through Came & Company.	
3.6	Insurance – evidence of review of cover	Yes	Insurance cover was reviewed 18 May 2016.	
3.7	Evidence that assets have been inspected for risk	Yes	A successful playground inspection was reported to council in the meeting of 18 th January 2017.	
3.8	Review of investments, including bank accounts	-	Not assessed but banking arrangements are straightforward and standard.	

4. Budgetary controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
4.1	Was a budget adopted?	Yes	Budget for 2016-2017 was set at the meeting of 9 December 2015.	
4.2	Was a copy of the budget attached to the minute adopting it?	Yes		
4.3	Was a contingency included in the budget?	Yes	A single general reserve was identified.	
4.4	Were the objectives of the	No	The objectives of the	

	reserves identified?		reserves have not been identified.	
4.5	Were the balances at the close of the year projected? How many months spend does the general reserve represent?	Yes	Annual expenditure is anticipated to be £6217.91. General reserve at end of year is anticipated to be £8911.01, representing approximately 17 months of expenditure.	
4.6	Did the council regularly compare the actual income and expenditure to the budget, as detailed in financial regulations.	Yes	Income and expenditure is compared to the budget at each meeting.	
4.7	Are there any significant unexplained variances from budget?	Yes	No unexplained variance.	

5. Income controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
5.1	Was the precept demand properly minuted?	Yes	Precept demand for 2016-2017 was minuted 9 December 2015 Item 21.4	
5.2	Was the precept received?	Yes	Money was received in two tranches.	
5.3	Were all anticipated grants received?	Yes	Money was received from the Guiting Power Social Committee.	
5.4	Were all anticipated rents received?	Yes	Not applicable.	
5.5	Was all anticipated investment income received?	Yes		
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	Yes		

	receipt of cash, is a receipt provided?			
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6. Petty cash/cards/internet banking

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
6.1	Was cash float sufficient and regularly replenished?	Yes	No petty cash system operated.	
6.2	Was the cash float physically counted by a member?	Yes	No petty cash system operated.	
6.3	Was expenditure approved?	Yes	No petty cash system operated.	
6.4	Is all expenditure supported by VAT invoices / receipts?	Yes	No petty cash system operated.	
6.5	If credit / debit / prepaid cards in use, proper procedures in place?	Yes	No cards used.	
6.6	Is the 2 cllr signature rule applied to payments made by internet banking?	Yes	No 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	Based on model text. Clerk is only employee.	
7.2	Are contracts regularly reviewed?	Yes	Clerk's performance was reviewed 1 November 2016.	
7.3	Do salaries paid agree with those approved by Council?	Yes	Currently grade SCP 21 following above review.	
7.4	Are other payments to employees reasonable and approved by Council?	Yes	Expenses are paid as they are incurred.	
7.5	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	Payroll service is provided by PATA.	

7.6	Minimum wage paid?	Yes		
7.7	Are Councillor's allowances and expenses properly authorised & controlled and reported to HMRC if required?	Yes		
7.8	Pension provision in place/considered?	Yes	The council is aware of its obligations and will take action nearer its staging date of August 2017.	

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	Register states that it was last reviewed on 20 May 2015 though the meeting of 18 May 2016 also reviewed it.	
8.2	Basis of valuations	No	The only column with figures is labelled "Insured Value". Acquisition costs are required. I suggest adding a second column.	
8.3	Comparison with insurance schedule (see also 3.4)	Yes		

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	Bank statements are reconciled when received and the reconciliation forms part of the minutes.	
9.2	Any unexplained balancing entries in any reconciliation?	Yes	No unexplained entries.	

10. Year-end procedures

Ref	Test	Meets	Internal auditor's comments	For use by Council
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		requirements		
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? (last year and current year)	Yes		
10.3	Where appropriate, debtors and creditors properly recorded?	Yes	Accounts are completed on a receipts and payments basis.	
10.4	RFO to sign and certify year end accounts	Yes		
10.5	Council as a whole to consider the year end accounts	Yes		
10.6	Annual Governance Statement, Section 1 of Annual Return approved by whole council	Yes		
10.7	Annual Statement of Accounts, Section 2 of Annual Return approved by whole council	Yes		

11. Other matters

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
11.1	VAT - recorded and paid / reclaimed properly?	Yes	VAT last reclaimed 13 April 2016.	
11.2	Code of conduct adopted by resolution of full council?	Yes	Code of Conduct is dated 14 October 2014. It was reviewed 18 May 2016.	
11.3	Referrals under the Code of Conduct?	Yes	No referrals seen.	
11.4	Registered with ICO?	Yes	Registered until 16 March 2017.	
11.5	Is the Council a Managing Trustee	Yes	Council is not a managing trustee.	

11.6	Minutes - apologies	Yes	Minutes say apologies are "accepted". It would be better to say "noted".	
11.7	Minutes – declarations of interest	Yes	An interest was declared in the meeting of 20 September 2016.	
11.8	Minutes - dispensations	Yes	No requests for dispensation were seen.	
11.9	Minutes generally	Yes		
11.10	Previous internal audit – action taken where recommended?	No	Asset register on web site still does not show items at cost.	
11.11	Previous external audit – action taken where recommended?	-	External auditor's comments (on a separate sheet) were not available on the council web site.	
11.12	Electronic records backed up, physical records stored securely (fire proof box/off site)	Yes		
11.13	Compliance with Transparency Cde/guidance	No	Parish council web site contains the procedures and minutes. End of year bank reconciliation and the external auditor's comment sheet need to be added.	
11.14	List of members' interests held?	Yes		
11.15	Agendas signed and displayed 3 clear days prior	Yes	Public notices not observed but agendas on the web site are compliant.	
11.16	Summons issued in proper format?	Yes		
11.17	Delegated authority	Yes	Not applicable.	