CHERINGTON PARISH COUNCIL.
Internal auditor's report for the year ended 31 March 2019
Date of Internal Audit: 24th May 2019
Name of Auditor: Vanessa Lawrence

1. **Working documents**

Ref	Test	Meets requirements? Yes, No or N/A	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	These were reconsidered at the meeting September 2018 – Item 34/18 (ii). No changes were made. **RECOMMENDATION:** As these are published on the website it would a good idea to show the date that these were re-considered. The date on the document currently showing is 2012. This is for easy reference	**Accepted** **Action**: Update website. Completed 4/6/19
1.3	Have Financial Regulations been tailored to council and formally adopted?	Yes	I can find no current information relating to this document. The version on the website is out of date as there was a new model in 2016. GAPTC will supply this for you.	
1.4	Have Financial regulations been reviewed and minuted?	No	I can find no reference to this having been reviewed. The website shows a copy of the Financial regulations, but this is also dated 2012. **RECOMMENDATION:** Review annually	**Accepted** **Action**: Review Financial Regulations in coming year
1.5	Does the council have a grant awarding policy?	No		

1.6	Have items / services above the recommended amount been competitively purchased in accordance with Financial and Procurement Regulations? (LARGE COUNCILS)	N/A		
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	Updated April 2018, and minuted May 2018 8/18 (ii)	
1.8	Details of public land and building assets on website (if applicable)	Yes	On the website dated January 2019	
1.9	Code of conduct adopted?	Yes	This does not appear to have been reviewed and is published on the website dated 2012. Suggest this is reviewed.	**Accepted** **Action**: This is in line with CDC's Code of Conduct dated 2013. Review in coming year.
2.	**ADMIN**			
2.1	Has the General Power of Competence been adopted? Eg a	N/A		

	minute reference			
2.2	Is there a separate account for s.137 payments?	No	Recommend that a column is included to identify any S137 payments in future	**Accepted**. **Action**: Add column to cash book spreadsheet. Completed 12/06/19
2.3	Council authorisation of Direct Debit list and Standing Orders?	N/A		
2.4	Was the precept demand properly minuted?	Yes	This was minuted, as an agreement. The wording could be a little more precise. No proposer or seconder shown. No hard copy available in order to establish if any Local Council Support Grant has been awarded. Any grant would have to be included in Box 3 and not Box 2.	GAPTC: The precept demand was on the website Finance pages with other documents required. Hard copy of precept demand not requested in instructions - please update these if it is required for audit. **Action**: Will record Proposer and Seconder
2.5	Was Petty Cash expenditure approved?	N/A		

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
2.6	Receipts issued for cash income?	N/A		
2.7	Is all expenditure supported by VAT invoices, if applicable?	Yes	There is only one payment which has VAT shown.	
2.8	VAT - recorded and paid / reclaimed	Yes	Submitted December 2018 – received Jan 2019	

	properly?			
2.9	Purpose of loan and power identified, if applicable	N/A		
3.	**RISK MANAGEMENT**			
3.1	Insurance policy in place?	No	Copy of insurance policy not supplied	**Not accepted** The policy was placed on the website in January 2019 & the link was included in return to auditor.
3.2	Insurance – evidence of review of cover	Yes	Minuted May 2018 8/18 ii & iii	
3.3	Copy of Risk Management policy / statement seen?	Yes		
3.4	Asset register seen and up to date?	Yes	Published on the website. Minuted May 2018 8/18 ii	
3.5	Evidence that assets have been inspected for risk	No	Regular inspections should take place and be noted in the minutes.	**Accepted**. Assets are minimal and are all directly outside the council's meeting place. They are therefore viewed regularly. **Action**: Will minute a review.
3.6	Review of investments, including bank accounts	No	Recommend that this is done	GAPTC: **What is required** for small councils? There is one current account for the precept and councillors see a finance report, stating balance and movements, at every meeting. They see the cheque book at every meeting. The bank requires 2 signatures (not the clerk) on every cheque. Councillors review

				the (non-precept funded) car park account book regularly and the balance and movements are also recorded in the finance reports.
3.7	Is ‘two councillor signatures’ rule applied for payment orders?	No	No evidence to show that this applies. Cheques stubs have not been initialled.	This is a **misleadingly general** statement (of 15 cheques issued, 9 had 2 initials, 6 had 1). Cheque stubs have all been initialled but in some cases the second signatory forgot. Two signatures are required by the bank. **Action**: Will remind councillors re initialling cheques.
3.8	If credit / debit / prepaid cards in use, are proper procedures in place?	N/A		
3.9	Electronic and physical records backed up	No	This should be done in case of computer breakdown	**Not accepted:** The auditor has answered this in the negative without seeking information. All records are kept on a memory stick. The website has a record of agenda and minutes as well as other finance records and documents. In addition they are on email and in hard copy. This seems to answer this requirement.

4. Budgetary controls

Ref	Test	Meets requirements?	Internal Auditor’s comments	For use by Council

4.1	Was a budget adopted and minuted?	Yes	There is reference to the budget in the Minutes of November 2017 & January 2018. The wording does not indicate approval. However, it implies that the budget was agreed	**Not accepted** The wording does indicate approval: " A budget spreadsheet had been circulated, providing previous year's figures, current actuals, a projection to year end and a budget for next year (FY18/19). Cllrs discussed a suggested rise in line with inflation, but agreed that there was sufficient contingency if the precept remained at £3300 next year."
4.2	Were the objectives of the reserves identified?	No		
4.3	Did the council regularly compare the actual income and expenditure to the budget? As detailed in the financial regulations.	No	Recommend that this is done	**Not accepted**: Variances in cost in relation to previous years were not significant, apart from a defibrillator contract (funded by a donation and grant) and an increase in the audit fee. These were minuted. All variances are compared with the previous year and budget even if not significant.
4.4	Are any significant unexplained variances from budget minuted?	No		**See above.**

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	Only one member of staff	

5.2	Do salaries paid agree with those approved by Council?	Yes	Minuted pay rise November 2018	
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	Paid as per NALC pay scale	
5.5	Are Councillor's allowances and expenses properly authorised & controlled (LARGE COUNCILS)	N/A		
5.6	Pension provision – eligible employees offered pension scheme?	Yes		

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 No	Bank Statements seen. Auditor has reconciled the accounts. However, the figures quoted in the AGAR Page 3, I believe are incorrect. There is no reconciliation that has been prepared by the RFO	**Not accepted**: A bank reconciliation was included in the electronic spreadsheet - worksheet 3 and noted in the return to the auditor. It was also available on the Finance web pages.

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		
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	June 2018 – 19/18 ii	
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council	Yes	June 2018 19/18	
6.6	Previous internal audit – action taken where recommended? Internal Audit page published on website (mandatory for councils with turnover under £25,000)	N/A		

6.7	Previous external audit – action taken where recommended?	N/A		

7. Other matters

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
7.1	Policies in place for compliance with GDPR?	No	Toolkit available on the GAPTC website with model policies	**Not accepted**: GAPTC: Instructions asked whether Council was registered with the ICO. What is actually being tested here? Policies are available on the website Documents page and this information was provided to the auditor but this information was not actually requested in the instructions.
7.2	Is the Council a Managing Trustee	No		

8	**PROCEDURES**			
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		

8.4	Compliance with Transparency Code/guidance?	Yes	Financial details published on website	
8.5	List of members' interests held?	Yes but	Ensure that new Register of Interests are put on the website from 2019 elections, as those on the website date from 2012, not the 2015 elections	**Not accepted**: Registers of Interests were downloaded from CDC website in 2017. They were therefore current and have not changed since. New ones (post-elections) were still being submitted at date of audit.
8.6	Were books made up to date?	Yes		
8.7	Agendas signed and displayed 3 clear days' prior	No	No hard copies available of Agendas. However, Agendas posted on the website but not dated so unclear if issued with 3-clear days' notice	**Not accepted**: All agenda are clearly dated at the bottom of the first page. The second page is an informal addendum of planning applications. GAPTC: Hard copy agenda were not listed in the requested documents - please update instructions
8.8	Summons issued in proper format?	Yes		

9	**SAMPLING**	Meets requirements?	Internal Auditor's comments	For use by Council
9.1	Is income properly recorded and promptly banked?	Yes		
9.2	Audit trail for selected sample transactions?	Yes		

Notes:

It appears that the previous Internal Auditor prepared the Reconciliation figures for 2017/18. I have carried out the reconciliation, but RFO should check the figures before getting this approved. I also note that the figures quoted on Page 3 of the AGAR 2 don't appear to be correct unless there is something I have missed. Would recommend that these figures are checked before being signed off. I have put in the figures I believe should be used. Happy to speak to the Clerk if she would like to give me a call on 01285 713326. The Clerk/RFO should reconcile figures for the Auditor the check only.
The Minutes do not give a clear indication of matters being proposed or agreed. Agreement has obviously been received but this needs to be clearer.
Vanessa