

LITTLEMORE PARISH COUNCIL.

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

Appointment of Internal Auditor: 2018 (confirmed by a minute)

Date of Internal Audit: 19th June 2018 (full)

Kim Bedford Training
Independent Audit

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		N/A
1.2	Have Standing Orders been reviewed and minuted?	Yes	Meeting – 20.06.17. Min 119/17 New S/O reviewed in May 2018. There is an amendment recently noted which I will send	Amendment to be put to council September meeting
1.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		N/A
1.4	Have Financial regulations been reviewed and minuted?	Yes	Meeting 20.06.17, Minute 119/17	N/A
1.5	Does the council have a grant awarding policy?	Yes	Being reviewed and to be put on website	Currently reviewing should complete by 1 st September 2018
1.6	Have items / services above the recommended amount been competitively purchased in accordance with	Yes	Be aware of the limits of your Fin. Regs. And refer to NALC Legal Topic Note on procurement.	Currently meet requirements listed

	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	A checklist is completed by Cllr T Hill, quarterly and needs to be reported to Finance Committee and noted by PC. This then provides evidence of the checks taking place and any issues raised. Would also be a good idea to sign bank statement to show who checked what. Again it provides evidence	This advice has been noted, checks will be completed every eight weeks. Bank statements will now be signed when cross referenced with checks
1.8	Public land and building assets	Yes	Asset register seen. Calculations based on cost. Advice given to clerk on layout and information contained. May want to consider Mapping.	Mapping would be beneficial to Parish and due to considerable time needed will be outside of clerk's normal hours. Need to arrange for Small Park and Parish Green to be valued and added to asset register.
1.9	Code of conduct adopted by resolution of full council?	Yes	Meeting 20.06.17. Minute 119/17	N/A
2.	ADMIN			
2.1	Has the General Power of Competence been adopted? Eg a minute reference	No	Clerk does not hold CiLCA. Intends to look at this in the next 12 months. Advise this would help compliance and understanding of good practice too.	Booking on to CiLCA course awaiting confirmation from SLCC

2.2	Is there a separate account for s.137 payments?	No	Discussed with RFO. This is a legal requirement, which the clerk is now aware of.	Clerk is currently producing a spreadsheet that will entail cost codes for each relevant payment against that submitted on scribe accounts.
2.3	Councils authorisation of Direct Debit list and Standing Orders.	No	In order to help with the Internal Control checks and gain PC approval, provide a list of DD and Standing Order agreements. Needs updating as needed.	Currently awaiting forms from Unity Trust, Lloyds unable to transfer directly across
2.4	Was the precept demand properly minuted?	Yes but	Although the budget is within minutes of 14.11.17, there is a presumption of understanding in relation to the precept. Make it clear in the agenda / minutes what the precept figure is.....	The precept was attached to minutes of meeting, for 2018 onwards will be added as figure to minutes
2.5	Was Petty Cash expenditure approved?	Yes	Invoices checked as per spending. This needs to be included on the internal check sheet.	Now added to internal checklist

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
2.6	Cash			
2.7	Is all expenditure supported by VAT invoices, if applicable?	Yes	Files seen. Scribe system now used for 2018 /19. Previously Quick books which was problematical, so Excel was used. RFO and Cllr T Hill doubled checked figures and formulae. System is receipts and Payment reporting. Previous error giving £ 800+ overage in final calculation. Clerk trying to establish correct figures by obtaining Bank Statements	Santander have been unhelpful, we now need to be re-mandated for full account closure at full Council meeting in September 2018 as only stand for 3 months.

2.8	VAT - recorded and paid / reclaimed properly?	Yes	RFO clearing a backlog of unclaimed VAT. Possible for last 3 years.	All VAT now reclaimed.
2.9	Loans			
3.	RISK MANAGEMENT			
3.1	Insurance	Yes	With Came and Company. Now a 3 year deal. Approved by PC Meeting 09.05.2017.	
3.2	Insurance – evidence of review of cover	Yes	4 Quotes reviewed	
3.3	Copy of Risk Management policy / statement seen?	Yes, but	Copy of Financial Risk scheme seen. External review being completed for play equipment / grounds. Trees, and buildings completed. Work being done.	Checks on playgrounds completed 16 th and 19 th July 2018, full report to full Council in September with costings to be submitted to Finance committee in August (if received)
3.4	Asset register seen and up to date?	Yes		
3.5	Evidence that assets have been inspected for risk	Yes	See above. Evidence of regular checks needed as this may invalidate insurance... Once a year, PC need to evaluate potential risk to PC and be documented in minutes. See***	Full RA were completed in 2017 (first time in over 10 years) and 2018 recently completed. Fire Systems, Alarm Systems and Electrical PAT testing due August.
3.6	Review of investments, including bank accounts	No	Going forward there may be a need to build up reserves to cover Risk. This may need to be higher as the PC has improved assets and responsibilities	The reserve applicable to Council needs to be reviewed, this may involve increasing precept for 2019
3.7	Is 'two councillor signatures' rule applied to payments made by internet banking?	Yes	Be aware of the Legislative Reform Order re two payments and with the need for appropriate checks and balances.	Two signatures required to authorise each payment via BACS or Cheque
3.8	If credit / debit / prepaid cards in use, are proper procedures in place?	N/A	PC may need to consider a Debit card as the Clerk and staff are purchasing on the PC behalf. This has VAT implications amongst other things	Authorised in June meeting, currently awaiting change of details etc to be actioned and will then apply.

3.9	Electronic and physical records backed up	Yes	Two additional hard drives updated. Daily / monthly	N/A
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4. Budgetary controls

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
4.1	Was a budget adopted and minuted?	Yes	See November meeting 2017. Make sure the budget is attached to the minutes as you are spending public money.	Was attached on hard copy but not on website to be amended
4.2	Were the objectives of the reserves identified?	Yes	Appx £78k, but appx 50% allocated.	N/A
4.3	Did the council regularly compare the actual income and expenditure to the budget? As detailed in the financial regulations.	Yes	Financial Regulations require this quarterly and is completed monthly. Initially to Fin Committee. Then to PC. Scribe system helps this process	To be presented July meeting
4.4	Are any significant unexplained variances from budget minuted?	N/a		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 but	There is a need to review all and in some cases a negotiation will need to take place. Be aware there is a review by SLCC taking place at the moment.	New contracts being drawn up for all staff, Clerks contract is correct.
5.2	Do salaries paid	Not Checked	Need to be checked by internal controller.	Checked

	agree with those approved by Council?		Cllr T Hill checks	
5.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	Currently use an payroll company	N/A
5.4	Minimum wage paid?	Yes	Check Editor	Currently reviewing Editor Pay, hours worked have been requested and still awaiting. Once completed will be reviewed by Councils relevant committee.
5.5	Are Councillor's allowances and expenses properly authorised & controlled (LARGE COUNCILS)	N/A		N/A
5.6	Pension provision – an audit trail	No	All staff have a letter except clerk. The 3 staff have declined a PC pension. PC is registered but the situation is not clear and needs to be resolved re the clerk's pension rights. If unclear talk to OALC for initial advice.	Still currently having issues with Pensions, will request Chair to contact previous Clerk for information on this.

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	Yes	Given to Finance Committee	N/A

	reconciliation?			
6.2	Where appropriate, debtors and creditors properly recorded? (LARGE ONLY)	n/a		N/A
6.3	Council as a whole to consider the year-end accounts	Yes	Mtg 13.06.17, Minute 106/17	N/A
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, but	See above, needs to be another minute. The order of approval see ** needs to be recorded separately. I couldn't find the AGAR / Annual Return published on your website. This will need to be included when 2017 / 18 is completed. See ** and Transparency requirements'	This was concluded on 25 th June 2018
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council	Yes		N/A
6.6	Previous internal audit – action taken where recommended? Internal Audit page published on website (mandatory for councils with turnover under £25,000)	Yes	Book work, no clerk Invoices missing see above End of year reconciliation, not done....missing information. It is clear the PC had problems and were not always aware of what was required in order to put in place the administration. Now with a clerk who is beginning to rectify this	This was completed and is now on website with hardcopy given to each councillor

6.7	Previous external audit – action taken where recommended?	2017 / 18	To be done- Council Tax Support Grant in wrong box, and an increase in asset value. Seeking info and assets info. Lost?. IA states recent additions but no details. Playground refurb seems to be the reason. PC will need to restate last year's figure in correct boxes with an explanation	Completed on audit for 2018
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7. Other matters

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
7.1	Registered with ICO?	Yes	April 2018 - 19	N/A
7.2	Is the Council a Managing Trustee	No		N/A

8	PROCEDURES			
8.1	Minutes – declarations of interest	Yes	Very rare	N/A
8.2	Minutes generally	Yes	Good	N/A
8.3	Minutes initialled on each page and final page signed	Yes but	I note that minutes after September 2017 not initialled	Now a signature column added to bottom of each page
8.4	Compliance with Transparency Code/guidance?	No	See previous comment and check Transparency / Proper practice requirements	Following up
8.5	List of members' interests held?	?	Not on PC website. Couldn't see a link to District website. Check this please	This is on website, double checked.
8.6	Were books made up to date?	Yes	Scribe	N/A
8.7	Agendas signed and displayed 3 clear	Yes		N/A

	days' prior			
8.8	Summons issued in proper format?	Yes	Good	N/A
8.9	Delegated authority	Yes	Committees and in Standing orders + Fin Regs	N/A

9	SAMPLING	Meets requirements?	Internal Auditor's comments	For use by Council
9.1	Is income properly recorded and promptly banked?	Yes	See additional report	
9.2	Audit trail	Good		

*** Governance and Accountability for Smaller Authorities 2018.

I note, changes in RFO / Clerk has caused some issues regarding Bank information and documents. The PC need to work together to resolve this. It is obvious considerable work has taken place to improve governance and compliance. Keep up the good work.

Kim Bedford. 23.06.18