**NORTH NIBLEY PARISH COUNCIL**

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

Date of appointment of Internal Auditor:

Date(s) of Internal Audit: 15/5/18 - 30/6/18 (full)

**1. Bookkeeping 2017-18 2016-17**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year* | *Internal auditor’s comments* | For use by Council |
| 1.1 | Were books made up to date? | *YES* |  | *YES* |  |  |
| 1.2 | Is cash book arithmetic correct?  (If excel - check formulae) | *YES* |  | *YES* |  |  |
| 1.3 | Is there evidence of regular in-house checks by members (signed and minuted)? | *YES* |  | *YES* |  |  |

**2. Day to day transactions**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year* | *Internal auditor’s comments* | For use by Council |
| 2.1 | Have Standing Orders been formally adopted? | *YES* |  | *YES* |  |  |
| 2.2 | Have Standing Orders been reviewed and minuted? | *YES* |  | *NO* | *Scheduled for June Council meeting* |  |
| 2.3 | Have Financial Regulations been tailored to council and formally adopted? | *YES* |  | *YES* |  |  |
| 2.4 | Have Financial regulations been reviewed and minuted? | *YES* |  | *NO* | *Scheduled for June meeting* |  |
| 2.5 | Have items / services above the de minimus amount been competitively purchased in accordance with Financial and Procurement Regulations? | *YES* |  | *YES* |  |  |
| 2.6 | Has the General Power of Competence been adopted? If “yes”, has evidence been seen? E.g. a minute |  |  | *NO* |  |  |
| 2.7 | If 2.6 = “no”, separate account for s.137 payments? |  |  | *NO* | *There should be a separate line in the cash book for S.137 payments, with the total shown at year-end* |  |
| 2.8 | If 2.6 = “no”, s.137 spend limit for year identified? |  |  | *NO* | *This limit is amended annually and needs to be noted and recorded* |  |
| 2.9 | Loans – interest / principal payable | YES |  | *YES* |  |  |
| 2.10 | Lending – interest / principal receivable. | N/A |  | *N/A* |  |  |

**3. Risk management**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year)* | 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 |  | YES |  |  |
| 3.2 | Copy of Risk Management policy / statement seen? | YES |  | YES |  |  |
| 3.3 | Minutes checked for unusual activity & evidence that risks are being identified and managed | YES |  | YES |  |  |
| 3.4 | Minutes initialled, each page identified and overall signed | YES |  | YES |  |  |
| 3.5 | Insurance – in place, and adequate and appropriate?  See also 8.3 | YES | New Insurance policy put in place in May | YES |  |  |
| 3.6 | Insurance – evidence of review of cover | YES | 3 year agreement in place | YES | 3 year agreement in place |  |
| 3.7 | Evidence that assets have been inspected for risk | YES |  | YES |  |  |
| 3.8 | Review of investments, including bank accounts | YES |  | YES | There should be a minute confirming the review, and that investments/accounts are considered safe |  |

**4. Budgetary controls**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year)* | Internal auditor’s comments | For use by Council |
| 4.1 | Was a budget adopted? | YES |  | YES |  |  |
| 4.2 | Was a copy of the budget attached to the minute adopting it? | YES |  | NO | Good practice to include a copy in the minutes for clarity |  |
| 4.3 | Was a contingency included in the budget? | YES |  | YES |  |  |
| 4.4 | Were the objectives of the reserves identified? | YES |  | YES |  |  |
| 4.5 | Were the balances at the close of the year projected?  How many months spend does the general reserve represent? | YES  6 |  | YES  6 |  |  |
| 4.6 | Did the council regularly compare the actual income and expenditure to the budget? | YES |  | YES | . |  |
| 4.7 | Are there any significant unexplained variances from budget? | NO |  | NO |  |  |

**5. Income controls**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year)* | Internal auditor’s comments | For use by Council |
| 5.1 | Was the precept demand properly minuted? | YES | This has been actions following the comment from last year. | YES | Minute should include figures for the precept |  |
| 5.2 | Was the precept received? | YES |  | YES |  |  |
| 5.3 | Were all anticipated grants received? | YES |  | YES |  |  |
| 5.4 | Were all anticipated rents received? | YES |  | YES |  |  |
| 5.5 | Was all anticipated investment income received? | YES |  | YES |  |  |
| 5.6 | Is income properly recorded and promptly banked? As quickly as possible | YES |  | YES |  |  |
| 5.7 | Are security controls over cash adequate and effective? If in receipt of cash, is a receipt provided? | YES |  | YES |  |  |

**6. Petty cash/cards/internet banking**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test |  | Internal auditor’s comments | *Meets requirements( Previous year)* | Internal auditor’s comments | For use by Council |
| 6.1 | Was cash float sufficient and regularly replenished? | N/A |  | N/A |  |  |
| 6.2 | Was the cash float physically counted by a member? | N/A |  | N/A |  |  |
| 6.3 | Was expenditure approved? | N/A |  | N/A |  |  |
| 6.4 | Is all expenditure supported by VAT invoices / receipts? | N/A |  | N/A |  |  |
| 6.5 | If credit / debit / prepaid cards in use, proper procedures in place? | N/A |  | N/A |  |  |
| 6.6 | Is the 2 cllr signature rule applied to payments made by internet banking? | N/A |  | N/A |  |  |

**7. Payroll**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year)* | Internal auditor’s comments | For use by Council |
| 7.1 | Do all staff have a contract of employment? | YES | This comment has been reviewed during the year. the new Burial clerk is given expenses for any costs incurred. | YES | Council should look into the status of the Burial Clerk, as to whether she is an employee or self employed contractor, and ensure that relevant contracts and other documentation and procedures are in place |  |
| 7.2 | Are contracts regularly reviewed? | YES |  | YES |  |  |
| 7.3 | Do salaries paid agree with those approved by Council? | YES |  | YES |  |  |
| 7.4 | Are other payments to employees reasonable and approved by Council? | YES |  | YES |  |  |
| 7.5 | Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)? | YES |  | YES |  |  |
| 7.6 | Minimum wage paid? | YES |  | YES |  |  |
| 7.7 | Are Councillor’s allowances and expenses properly authorised & controlled and reported to HMRC if required? | YES |  | YES |  |  |
| 7.8 | Pension provision in place/considered? | YES | The pension provision will continue to be reviewed. | YES | No pension in place – Clerk salary below the limit for automatic enrolment and has confirmed that none is requested |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

**8. Assets control**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year)* | Internal auditor’s comments | For use by Council |
| 8.1 | Asset register seen and up to date? | YES | Register has been updated in 2018 | YES | Updated asset register to be approved by Council at June meeting. |  |
| 8.2 | Basis of valuations |  | See above |  | See above |  |
| 8.3 | Comparison with insurance schedule (see also 3.4) |  | See above |  | See above |  |

**9. Bank reconciliation during the year**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year)* | Internal auditor’s comments | For use by Council |
| 9.1 | Evidence of completion for each account on regular basis? | YES |  | YES |  |  |
| 9.2 | Any unexplained balancing entries in any reconciliation? | NO |  | NO |  |  |

**10. Year-end procedures**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year)* | Internal auditor’s comments | For use by Council |
| 10.1 | Cash book additions:  - (a) tested by Councillor?  - (b) tested by Internal Auditor? | YES  YES |  | YES  YES |  |  |
| 10.2 | Bank reconciliation:  - (a) Original bank  statement(s) seen?  - (b) RFO’s reconciliation? (last year and current year) | YES  YES |  | YES  YES |  |  |
| 10.3 | Where appropriate, debtors and creditors properly recorded? | N/A |  | N/A |  |  |
| 10.4 | RFO to sign and certify year end accounts | YES |  | YES |  |  |
| 10.5 | Council as a whole to consider the year end accounts | YES |  | YES |  |  |
| 10.6 | Annual Governance Statement, Section 1 of Annual Return approved by whole council | YES |  | YES | Scheduled for June meeting |  |
| 10.7 | Annual Statement of Accounts, Section 2 of Annual Return approved by whole council | YES |  | YES | Scheduled for June meeting |  |

**11. Other matters**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ref | Test | Meets requirements | Internal auditor’s comments | *Meets requirements( Previous year)* | Internal auditor’s comments | For use by Council |
| 11.1 | VAT - recorded and paid / reclaimed properly? | YES | VAT has been reviewed and remains in 3 year limit | YES | Claim scheduled – within 3 year limit |  |
| 11.2 | Code of conduct adopted by resolution of full council? | YES |  | YES |  |  |
| 11.3 | Referrals under the Code of Conduct? | NONE |  | NONE |  |  |
| 11.4 | Registered with ICO? | NO | Evidence supplied that registration not requiredNO | NO | Evidence supplied that registration not required |  |
| 11.5 | Is the Council a Managing Trustee | NO |  | NO |  |  |
| 11.6 | Minutes - apologies | YES |  | YES |  |  |
| 11.7 | Minutes – declarations of interest | YES |  | YES |  |  |
| 11.8 | Minutes - dispensations | N/A |  | N/A |  |  |
| 11.9 | Minutes generally | YES | Quality of minutes have nee maintained | YES | Good comprehensive minutes  Pages and minutes should be sequentially numbered throughout the year |  |
| 11.10 | Previous internal audit – action taken where recommended? | YES |  | YES |  |  |
| 11.11 | Previous external audit – action taken where recommended? | YES |  | YES |  |  |
| 11.12 | Electronic records backed up | YES |  | YES |  |  |
| 11.13 | Compliance with Transparency Cde/guidance | YES |  | YES |  |  |
| 11.14 | List of members’ interests held? | YES |  | YES |  |  |
| 11.15 | Agendas signed and displayed 3 clear days prior | YES |  | YES |  |  |
| 11.16 | Summons issued in proper format? | YES |  | YES |  |  |
| 11.17 | Delegated authority | YES |  | YES |  |  |