

COLEFORD TOWN COUNCIL.

Internal auditor's report for the year ended 31 March 2019

Date of appointment of Internal Auditor: 25/2/19 (confirmed by a minute – minute not found)

Date(s) of Internal Audit: 30th April 2019 (annual)

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	Minute 168, 27/11/18	
1.2	Have Standing Orders been reviewed and minuted?	Yes	See above	
1.3	Have Financial Regulations been tailored to council and formally adopted?	Yes	As above (incorporated within Standing Orders)	
1.4	Have Financial regulations been reviewed and minuted?	Yes	As above	
1.5	Does the council have a grant awarding policy?	Yes	(And a new grants policy is being developed.)	
1.6	Have items / services above the recommended amount been competitively purchased in accordance with Financial and Procurement	Yes	Consultants managed the procurement for large project (Bell's Field)	

	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	3 x In-house audit checks done during year. Comprehensive annual risk assessment done September 2018, which included internal controls	
1.8	Public land and building assets	Yes	Asset Register is comprehensive, has been updated to take account of new assets.	
1.9	Code of conduct adopted by resolution of full council?	Yes		
2.	ADMIN			
2.1	Has the General Power of Competence been adopted? Eg a minute reference	No		
2.2	Is there a separate account for s.137 payments?	Yes	There is a column in the accounts for s137 payments, not showing currently as no s137 grants made	
2.3	Councils authorisation of Direct Debit list and Standing Orders.	Not seen	Have not found this in Minutes (Note – Standing Orders are not on website)	
2.4	Was the precept demand properly minuted?	Yes	Minute 216, 15/1/19	
2.5	Was Petty Cash expenditure	Yes	This is done at each Full Council meeting.	

approved?			
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Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
2.6	Cash	Partly	Receipts from TIC are paid into Council Offices but no receipt given. Suggest that this is done and copy of till roll is kept in Office	
2.7	Is all expenditure supported by VAT invoices, if applicable?	Yes		
2.8	VAT - recorded and paid / reclaimed properly?	Yes	Claimed monthly during periods of heavy expenditure – well done.	
2.9	Loans	N/A		
3.	RISK MANAGEMENT			
3.1	Insurance	Yes	Zurich, expires 31/5/19, has been increased to take account of new assets.	
3.2	Insurance – evidence of review of cover	Yes	Email from Zurich of 29/11/18. Amount has been increased but this is not minuted.	
3.3	Copy of Risk Management policy / statement seen?	Yes	Statement included with Council policies. Public Safety Committee deals with matters of risk each month.	
3.4	Asset register seen and up to date?	Yes	Comprehensive, valued at cost and updated to take account of new assets	
3.5	Evidence that assets have been inspected for risk	Yes	Records kept in office, weekly, monthly and annual checks are done, and any problems reported at Committee	
3.6	Review of investments, including bank accounts	Yes	Minute 54 (26/6/18). Low risk investments	

3.7	Is 'two councillor signatures' rule applied to payments made by internet banking?	Yes	2 Cllrs sign the payment sheet. Electronic payment is done by Chairman, and Clerk	
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	Use Cloud	

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	<p>Draft accounts show £172,841 in general reserve at year end, and small amounts in a few earmarked reserves. Reserves should be revised so that general reserve is reduced (which should be 6 months approx expenditure) and earmarked reserves increased/new earmarked reserves started, in accordance with Council's objectives (eg to support 4-year plan).</p> <p>Total balances carried forward at 31st March 2019 are low in relation to amount of Precept (£213,841 versus £390,000). Council should consider adequacy of reserves in light of increased capital assets and liabilities (eg Bell's Field), and requirements arising from future projects (NDP/4-year plan).</p>	
4.3	Did the council regularly compare	Yes	Use of RBS Omega, monthly statements presented to Council	

	the actual income and expenditure to the budget? As detailed in the financial regulations.			
4.4	Are any significant unexplained variances from budget minuted?	Yes	Variances are shown on the RBS printouts which are appended to the Minutes	

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		
5.2	Do salaries paid agree with those approved by Council?	Yes		
5.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	Use of agent	
5.4	Minimum wage paid?	Yes		
5.5	Are Councillor's allowances and expenses properly authorised & controlled (LARGE COUNCILS)	N/A	(Expenses are de minimis, eg for travel)	

5.6	Pension provision – an audit trail	Yes	Within RBS	
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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 Yes	4 cashbooks RBS printout	
6.2	Where appropriate, debtors and creditors properly recorded? (LARGE ONLY)	Yes	In RBS	
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)	Partly	Minute 52, 26/6/18 2017/18 AGS is not on website	
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council	Yes	Minute 53, 26/6/18	
6.6	Previous internal	Partly	Eg, checklists of internal controls now being	

	audit – action taken where recommended? Internal Audit page published on website (mandatory for councils with turnover under £25,000)		done. Summons still not stated on the Agenda 2017/18 IA page not published on website	
6.7	Previous external audit – action taken where recommended?	No	Recommendation relating to Exercise of Public Rights – this has not been done as 2017/18 AGAR is not displayed on website.	

7. Other matters

Ref	Test	Meets requirements?	Internal Auditor's comments	For use by Council
7.1	Registered with ICO?	Yes	Certificate seen, expires 1/5/19	
7.2	Is the Council a Managing Trustee	No		

8	PROCEDURES			
8.1	Minutes – declarations of interest	Yes		
8.2	Minutes generally	Mostly	<p>Suggest that:-</p> <ul style="list-style-type: none"> • Minute taker is identified as Admin Assistant also at meeting • The total amount of payments is stated in FC Minutes (to tie in with the total on the RBS printout) • Possibly number/letter the appendices to tie in with Minutes. <p>The following should be done:-</p> <ul style="list-style-type: none"> • State “Public Forum” on Agenda (and Minutes) for Committees (as well as 	

			FC) <ul style="list-style-type: none"> • Location of meeting should be given on Minutes of Committee meetings, as well as start time • Each Committee should confirm the Minutes of that Committee's previous meeting. 	
8.3	Minutes initialled on each page and final page signed	Yes	Suggest you have a signature line on final page, rather than just initialling.	
8.4	Compliance with Transparency Code/guidance?	Yes		
8.5	List of members' interests held?	Yes		
8.6	Were books made up to date?	Yes		
8.7	Agendas signed and displayed 3 clear days' prior	Not known	Past agendas not on website	
8.8	Summons issued in proper format?	No	Summons not stated on Agenda.	
8.9	Delegated authority	Yes	Per Standing Orders	

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	Yes		