

AYLBURTON PARISH COUNCIL.
Internal auditor's report for the year ended 31 March 2020
Date of Internal Audit: 12, 14, 15 and 18 May 2020
Name of Auditor: Anita Sach

GAPTC internal audits comply with the proper practices outlined in the Governance & Accountability for Smaller Authorities – A Practitioners' Guide and the Accounts and Audit Regulations 2015.

The GAPTC internal audit reviews and reports on whether the systems of financial and other internal controls over its activities and operating procedures are effective. The audit tests a variety of documents, including agendas and minutes, policies, insurance and risk management processes, to ensure Council meets the requirements set out in the Annual Internal Audit Report in the Annual Governance & Accountability Return. The internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

Our auditors are independent of the Council and are competent to be able to carry out the requirements of the internal audit service.

1. Working documents

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk comment
1.1	Have Standing Orders been tailored to council and formally adopted?	Yes	Adopted September 2018 but not the very latest version dated July 2018	Website September 2018 meeting minute 29a.18/19	I will present the most recent Standing Orders template to Council as soon as possible so that this can be adopted.
1.2	Have Standing Orders been reviewed and minuted?	Yes	Recommend that Council adopt the latest Model Standing Orders, dated July 2018, available on the GAPTC website together with a list of the amendments	May 2019 meeting minute 20iii.1/20	See above.

			to the previous version		
1.3	Have Financial Regulations been tailored to council and formally adopted?	Yes	Still in draft on website	June 2019 meeting minute 41b.19/20	See below.
1.4	Have Financial regulations been reviewed and minuted?	Yes	There is a slightly amended version which came out in August 2019	June 2019 meeting minute 41b.19/20	I will present the most recent Financial Regulations template to Council as soon as possible so that this can be adopted.
1.5	Does the council have a grant awarding policy?	No	A small number of small grants are made annually, dealt with on an ad hoc basis. The council has identified this as an area for improvement.		I would like to review donation processes in the next 12 months to rationalise current process and consider improvement.
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	Code of conduct reviewed?	No	Only agenda on website (in minutes section) and it indicates that Code of Conduct should be put on website. Recommend a review and minute	July 2018 meeting agenda item 7	Carried out May 2020 and readopted.

			outcome		
--	--	--	---------	--	--

2. Admin

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk comments
2.1	Has the General Power of Competence been adopted (e.g. a minute reference)?	N/A			
2.2	Is there a separate account for s.137 payments and within statutory limits?	No	As council awards grant there should be a S137 column to identify the amounts paid, ie the £500 donation to school 125 th anniversary and £50 donation to RBL for poppy wreath, to ensure payments do not exceed the annual limit (19/20 £8.12 per elector; 20/21 £8.32 per elector)	Cashbook viewed on Dropbox	Noted; S137 column added to 2020-21 accounts sheet.
2.3	Council authorisation of Direct Debit list and Standing Orders?	N/A			
2.4	Was Petty Cash expenditure approved, if any?	N/A			

2.5	Receipts issued for cash income?	N/A	Allotment payments mainly cheque/BACS		
2.6	Is all expenditure supported by VAT invoices, if applicable?	Yes	Only one VAT invoice in 19/20	Invoices viewed on Dropbox	
2.7	VAT - recorded and paid / reclaimed properly?	Yes	VAT reclaim for £187.90	May 2019 meeting minute 30f.19/20 Cashbook and invoices viewed on Dropbox	
2.8	Purpose of loan and power identified, if applicable?	N/A	No loan		

3. Risk management

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk comments
3.1	Insurance policy in place?	Yes		Insurance policy viewed on Dropbox	
3.2	Evidence of review of insurance cover to ensure still fit for purpose?	Yes		September 2019 meeting Minute ref: 052a.19/20	
3.3	Copy of Risk Management policy and Risk Assessment seen?	Some	Recommend that council adopts an overall Risk Management policy as well as a comprehensive Risk Assessment for finance and other	Health & Safety policy, church memorial policy and Risk Assessment for litter picking – documents provided by Clerk	Noted; I will work on this over the summer and will present to the Council for adoption ASAP.

			property, such as bus shelters		
3.4	Evidence that internal controls take place and are documented	No	Recommend regular internal controls take place, as indicated in Financial Regulations		I have drafted a checklist based on GAPTC best practice to be introduced at end of Q1 and completed in conjunction with quarterly bank reconciliation.
3.5	Asset register seen and reviewed regularly?	Yes	Recommend that register is turned into a tabular form and that original purchase price and date included, where known. Does APC actually own the churchyard wall or does the church still own it? Only assets actually owned by APC should appear on the register, even if you have responsibility for it as a closed churchyard adopted by council.	June 2019 meeting minute 41a.19/20 Website Finance section	I will work on this over the next month.
3.6	Evidence that assets have been inspected for risk, reported in minutes and actions undertaken?	Yes		July 2019 meeting Minute ref: 039m.19/20	
3.7	Review of investments, including bank accounts?	No	Recommend that a review of bank accounts takes place every 3 years		I will look into the best method for reviewing bank accounts, presumably considering whether the current services match the council's needs.

3.8	Is 'two councillor signatures' rule applied for payment orders?	Yes		Cheque book stubs viewed on WhatsApp	
3.9	If credit / debit / prepaid cards in use, are proper procedures in place?	N/A			
3.10	Electronic and physical records backed up?	Yes	Weekly on to external hard drive	Information supplied by Clerk	

4. Transparency Code

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk comments
4.1	Details of public land and building assets on website (if applicable)?	Yes but	The information on the website should include: description (what it is, including size/acreage); location (address or description of location); date of acquisition (if known); cost of acquisition (or proxy value); and present use.	Asset Register – website finance	Noted; I will update the asset register to reflect this over the summer.
4.2	Minutes published on website in draft form within one month (mandatory for	Yes	Some still say Draft	Website - Minutes	I will ensure that all recent and future minutes are showing as the final version.

	councils with a turnover of less than £25,000)?				
4.3	Compliance with Transparency Code for councils with turnover of less than £25,000 and over £200,000?	Yes but	Recommend that council complies fully with all the requirements of the Transparency Code: all items of expenditure above £100 in a particular format and list of councillor responsibilities	Website	Noted. No plan to diverge from this compliance. (For details on what this entails see https://www.nalc.gov.uk/our-work/transparency)

5. Budgetary controls

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk comments
5.1	Was a budget properly prepared, adopted and minuted?	Yes		December 2018 meeting Minute 69a.18/19 Budget viewed on Dropbox	
5.2	Were the objectives of the reserves identified?	No	Recommend that budget identifies separately general reserves (6-12 months of expenditure) and earmarked reserves for projects such as		I will work to ensure that all earmarked funds are noted and recorded to avoid 'losing' those reserves.

			the refurbishment of the phone box		
5.3	Was the precept demand properly minuted in full council?	Yes but	Recommended amount for precept does not match figure actually claimed, which is virtually same as the projected expenditure for year. Recommend that the actual figure agreed is minuted	December 2018 meeting Minute ref 69a.18/19	
5.4	Did council regularly review bank reconciliations and reconcile them with the cash book?	Yes	Recommend they are undertaken at the first meeting after the end of the quarter	Quarterly bank reconciliations in cashbook October 2019 meeting minute 65c.19/20 (quarter 1 bank reconciliation) December 2019 meeting minute 77c.19/20 (quarter 2 bank reconciliation)	
5.5	Did the council regularly compare the actual income and expenditure to the budget (as detailed in the financial regulations) and evidenced in the minutes?	No	Recommend that council has the opportunity to view budget vs spend quarterly according to APC Financial Regulations 4.8 and that this is minuted	Budget vs spend to end of Q2 viewed on Dropbox. Clerk advises that budget vs spend is circulated occasionally but not minuted	Noted – will provide income/expenditure reporting quarterly.
5.6	Are any significant unexplained variances from budget reported?	No	Recommend this is done to comply with Financial Regulations 4.8, if there are any variances		Noted.

6. Payroll

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk comments
6.1	Do all staff have a contract of employment?	Yes		Contract viewed on Dropbox	
6.2	Do salaries paid agree with those approved by Council?	Yes		September meeting minute 53b.19/20 February meeting minute 101a.19.20	
6.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	Use PATA payroll service	Notice of coding and PATA invoice viewed on Dropbox	
6.4	Minimum wage paid?	Yes		Contract of Employment	
6.5	Are Councillor's allowances and expenses properly authorised & controlled, if any?	N/A			
6.6	Pension provision – eligible employees offered pension scheme and	No	To comply with Auto-Enrolment legislation Council must offer clerk a pension in writing, in case a pension is		I will offer myself a pension in writing to cover this.

	outcome minuted?		required, even if no contribution is made by Council. The action and outcome must be minuted.		
6.7	Has auto-enrolment registration with Pension Regulator been reviewed (if applicable)	No	To comply with legislation, council must register with Pension Regulator, even if no employees are enrolled in a pension scheme		Council is registered with Pensions Regulator and recently submitted a review return to the PR regarding pensions offer, but I did not report to council as nothing had changed and no pension is in place. I was offered a pension when I started in the role.

7. Year-end procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk comments
7.1	Are debtors and creditors recorded properly on separate balance sheet if using Income & Expenditure reporting?	N/A			
7.2	Council as a whole	No	Recommend council receive		Noted. To be provided before

	to consider the year-end accounts?		the year-end accounts prior to approving any sections of the AGAR		July 2020 meeting.
7.3	Annual Governance Statement, section 1 of Annual Return, approved by whole council	Yes but	AGAR approved as a whole. Section 1 must have its own agenda item and minute number for approval	For 18/19 AGAR: June 2019 meeting minute ref: 042a.19/20	Noted.
7.4	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council?	Yes but	Section 2 must have its own agenda item and minute number for approval. Council did not correctly declare itself exempt after approving Annual Statement of Accounts. Recommend follow guidance on AGAR form as well as the step-by-step guidance produced by GAPTIC	For 18/19 AGAR: June 2019 meeting minute ref: 042a.19/20	Noted.
7.5	Are all sections of the Annual Governance & Accountability Return published on the website?	Yes		Website Finance section	
7.6	Previous internal audit report reviewed by council and action taken where recommended?	Yes	No recommendations made in report	June 2019 meeting minute ref: 042a.19/20a	
7.7	Previous external audit report (for councils with	N/A			

turnover over £25,000) reviewed by council and action taken where recommended?					
--------------------------------------------------------------------------------	--	--	--	--	--

8. Other matters

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk comments
8.1	Policies in place for compliance with GDPR, such as Data Protection Policy for Staff & Councillors and for the public?	Yes	Recommend that date policy is adopted appears on the policy itself	Viewed on Dropbox Adopted 2018 and reviewed June 2019 meeting minute20x.19/20 ICO registration viewed on Dropbox	Date of adoption (12/03/19) now added to the document.
8.2	Is the Council a Managing Trustee?	No			
8.3	Do trustees meet at least once a year and publish separate accounts?	N/A			
8.4	Did council formally appoint GAPTC as the Internal Auditor?	Yes		April 2020 meeting minute 9c.20/21	

9. Procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	Evidence	Parish Clerk comments
9.1	Minutes – DPIs or other interests recorded?	Yes		Agenda item for all meetings; Cllr Evans declared an interest for September 2019 meeting	Noted and will take forward. Noted; now done.
9.2	Minutes initialled on each page and final page signed?	Yes but	Signed on final page and recommend that individual pages are initialled	Minutes viewed on WhatsApp	
9.3	List of members' interests held and published on the website?	Yes but	Recommend that there is a link from APC website to the FODDC website to comply with legislation	Published on Forest of Dean DC website	
9.5	Agendas signed and displayed 3 clear days' prior to meeting?	Yes		Website Agendas	
9.6	Summons issued in proper format?	Yes		Website Agendas	

10. Sampling

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence	Parish Clerk's comments
10.1	Is income properly recorded and promptly banked and receipts issued for cash income?	Yes	Mainly cheques and BACS payments	Payment notice from FODDC viewed on WhatsApp	
10.2	Audit trail for selected sample transactions?	Yes		Cashbook and invoices viewed by WhatsApp	
10.3	Are registers up to date for council-owned burial grounds and purchase of Exclusive Rights of Burials certificate completed?	N/A			