

COLEFORD TOWN COUNCIL.
Internal auditor's report for the year ended 31 March 2021
Name of Auditor: Janet Eustace

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
1.1	Have Standing Orders been; a) tailored to council? b) formally adopted?	Yes Yes	Standing Orders were adopted by the Council in 2019	Standing Orders dated 2018 are on the website. Reviewed in 2019 and no changes made.
1.2	Have Standing Orders been a) reviewed? b) minuted?	Not in 20/21	2020 SOs not adopted [Note March and April meetings cancelled due to Covid.] Recommend that the Council adopt the 2020 SOs at May 2021 meeting.	
1.3	Have Financial Regulations been a) tailored to	Yes	Financial Regulations were adopted by the Council in 2019	Document dated 2018 is on the website. Reviewed in 2019 and no changes made.

	council? b) formally adopted?	Yes		
1.4	Have Financial regulations been a) reviewed? b) minuted?	Not in 20/21	Recommend that the Council review Financial Regulations at May 2021 meeting.	
1.5	Does the council a) give grants? b) have a grant-awarding policy?	Yes Yes	The policy forms part of the Grant information pack	Copy of grant info pack dated 2019 is on the website.
1.6	Have items/ services been competitively purchased in accordance with Financial and/or Procurement Regulations?	Yes	During the year the Council followed a full tendering process for town maintenance, grass cutting and flower beds. Maintenance of bus shelters and signs currently out to tender	Council considered tenders and awarded contract at December meeting – item 420. Details are on the website.
1.7	Code of conduct reviewed in the last 2/3 years?	Yes	Standing Orders, Financial Regs and Code of Conduct are all in the same document. Reviewed Oct 2019 and no changes made.	Code of Conduct dated 2018 is on the website

2. Admin

Ref	Test	Meets reqmts? Yes, No or	Internal Auditor's comments/recommendations	Evidence
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		N/A		
2.1	Has the General Power of Competence been adopted (e.g. a minute reference)?	N/A		Council staff are working towards CiLCA
2.2	S137 a) is there a separate account for payments? b) are totals within statutory limits?	No	<p>Council advises that it has not made any use of s137. Instead relies heavily on s111.</p> <p>Grants to Sea Cadets should be given under s137 and expenditure on Christmas lights should be given under powers to attract tourism s144. Also Council should clarify powers used to make grants to churches.</p> <p>Recommend that the Council carries out a review of the powers that it is using to make payments.</p>	<p>Payments list.</p> <p>Section 111 is an incidental rather than a primary power so there must be an identified primary power.</p>
2.3	Is there an annual council authorisation of Direct Debit list and Standing Orders?	Underway	Finance Committee is in the process of reviewing. Delayed due to COVID.	Information provided by the Assistant Town Clerk.
2.4	Was Petty Cash expenditure approved, if any?	Yes	Council receives and approves monthly report of petty cash expenditure.	October meeting item 306
2.5	Is all expenditure supported by VAT invoices, if applicable?	Yes		Random sample of invoices inspected by the auditor.
2.6	VAT – a) recorded in accounts b) reclaimed?	Yes Yes		Evidence of both seen by the auditor.

2.7	Purpose of loan and power identified, if applicable?	NA		
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3. Risk management

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
3.1	Insurance policy in place?	Yes	June 2020 – June 2021	Copy seen by auditor.
3.2	Evidence of review of insurance cover to ensure still fit for purpose?	Yes	Council discussed (retrospectively) at July mtg due to cancellation of earlier meetings.	July Council mtg item 304
3.3	Copy of Risk Management Policy seen?	Yes	Council's risk management assessment considered by Council in January 2020. Document relating to 20/21 to be considered at March 2021 meeting.	Copy of January 2020 document seen by auditor.
3.4	Evidence that internal controls take place and are documented including bank reconciliations?	Yes	Councillors undertake in-house checks and record findings. These are then considered by the Finance Committee. Last check completed December 2020 and reported to Feb 2021 meeting of Finance Committee	Finance Committee February 2021 item 8
3.5	Does the council carry out an annual review of the effectiveness of their overall internal audit arrangements?	Yes		Finance Committee meeting of 16 February item 8.

3.6	Asset register seen and reviewed regularly?	No	Asset register dated April 2019 on the website. Recommend that the Council review this at the May 2021 meeting	Copy of register is on website
3.7	Evidence that assets a) have been inspected for risk? b) reported in minutes? c) any actions undertaken?	Underway	Safety Cttee meeting 16 Feb 2021 resolved to carry out the annual risk assessment. Reports will feed through to full Council.	Safety Cttee minutes of 16 Feb item 8.
3.8	Review of a) investments? b) bank mandates?	Underway	Bank mandates are currently being revised in light of change of Councillors	Information provided by Assistant Clerk
3.9	If credit / debit / prepaid cards in use, are proper procedures in place?	NA		
3.10	Are a) physical records secure? b) electronic records backed up?	Yes Yes	Physical records are locked in secure store. Electronic records backed up daily by off site contractor	Information provided by Assistant Clerk

4. Transparency Code

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
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4.1	Minutes published on website in draft form within one month (mandatory for councils with a turnover of less than £25,000)?	Yes	Minutes are promptly posted on the website.	Website.
4.2	Compliance with Transparency Code for councils with turnover of less than £25,000 and over £200,000?	Partial.	The Council publishes details of all expenditure and grants given. Recommended that consideration be given to publishing an organisation chart.	Website has section on transparency.

5. Budgetary controls

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
5.1	Was a budget properly for the year under review a) prepared? b) adopted? c) minuted?	Yes Yes Yes	Detailed discussion at Finance Cttee meeting which then reports to Council.	Council Meeting January 2020 item 218
5.2	Reserves: a) Is there a reserve policy	Partial	Finance Committee considers as part of budget discussions and makes recommendations to full Council. It is recommended that the Council consider	Finance Committee January 2021

	b) Were the objectives of the reserves identified?	Yes	adopting a reserves policy. Earmarked reserves are identified within the budget figures.	
5.3	Was the precept demand for the year under review properly minuted in full council?	Yes		Meeting January 2020 item 219
5.4	Did the council regularly compare the actual income and expenditure to the budget (as detailed in the financial regulations) and evidenced in the minutes?	Yes	Standing item on agenda for full Council. In addition, October meeting of Finance Cttee carried out a review of expenditure against budget and agreed virement to Covid fund.	Minutes of each full Council meeting Minutes of Finance Cttee October 2020 item 7 (Note minutes of October finance Cttee meeting are not on the website but copy has been provided by the Assistant Clerk).
5.5	Are any significant unexplained variances from budget reported?	Yes	Consider as part of Finance Committee's mid-year review and virement into new COVID fund agreed.	Minutes of October Finance Cttee meeting item 7.

6. Payroll

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
6.1	Do all staff have a contract of employment?	Yes	Copies of contracts seen by auditor in 2020	Contracts seen by auditor.

6.2	Do salaries paid agree with those approved by Council?	Under review	<p>New post of Assistant Clerk created in December with new salary. Salary payments are in line with this.</p> <p>During the year, Council identified weaknesses in salary payment procedures. Interim measures taken to strengthen systems and new controls to be introduced when new Clerk is in post.</p> <p>Recommended that the Council ensures robust checks are in place.</p>	<p>November mtg item 400 and December mtg item 415. Details of payroll from Makinson and Co.</p> <p>Discussion with Cllr Nick Perry 17/03/21.</p>
6.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes	Payroll administration is contracted out. HMRC/NIC payments shown on payment lists	Payment lists
6.4	Are Councillor's allowances and expenses properly authorised & controlled, if any?	Yes	Council approves the payment of such expenses.	July Council mtg item 303
6.5	Pension provision – eligible employees a) offered pension scheme? b) outcome minuted?	Yes	The Council is a member of the LGPS. Only the Clerk & the Assistant Clerk qualify. Other staff notified of availability of LGPS.	Accounts show payments to LGPS

6.6	Has auto-enrolment registration with Pension Regulator been reviewed (if applicable)	Yes	Letter from Pensions Regulator Acknowledgement of redeclaration of Certificate of compliance dated 17 June on file.	Copy of letter seen by the auditor
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7. Year-end procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
7.1	Are debtors and creditors recorded properly on separate balance sheet if using Income & Expenditure reporting?	Yes		Accounts seen by the auditor.
7.2	Does council as a whole consider the year-end accounts?	Yes	Considered as part of the discussion on the AGAR.	Minutes of June meeting item 286
7.3	Minute confirming that council is eligible for Certificate of Exemption (only for councils with a turnover of less than £25,000)	NA		

7.4	Annual Governance Statement, section 1 of Annual Return, approved by whole council	Yes		June mtg item 285
7.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council?	Yes		June mtg item 286
7.6	Are all sections of the Annual Governance & Accountability Return published on the website?	Yes		Website
7.7	Did council correctly provide for the exercise of public rights?	Not known	Notice of conclusion of audit is posted on the website but there is no information about the exercise of public rights. Recommend that the dates for the exercise of public rights are reported in the minutes of a full Council meeting.	Picked up by External Auditor in 2020 report as an omission and Council resolved to correct in 2021 (December mtg item 413).
7.8	Previous internal audit report reviewed by council and action taken where recommended?	Yes	Clerk reported that the necessary action had been taken.	June mtg item 284
7.9	Previous external audit report (for councils with turnover over £25,000) reviewed by council and	Yes	Contents noted and arrangements made to ensure exercise of public rights procedure is followed correctly in 2021. No other actions need to be taken.	December mtg item 413

	action taken where recommended?			
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8. Other matters

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
8.1	Policies in place for compliance with GDPR, such as Data Protection Policy for Staff & Councillors and for the public?	Yes	There is a GDPR policy on the Council website which is undated. Recommended that the Council add date of adoption to policies to ensure regular updating	Undated copy of the policy is on the website
8.2	Is the Council a Managing Trustee?	No		
8.3	Do trustees meet at least once a year and publish separate accounts?	NA		
8.4	Website Accessibility Statement on website home page?	Yes		Policy is on the homepage of the website.
8.5	Did council formally appoint GAPTC as the Internal Auditor?	Yes	It is recommended that the minute appointing the auditor should say that council has assured itself that the auditor is independent and competent.	January 2021 meeting of Finance Committee item 9.

8.6	Are registers up to date for council owned burial grounds and purchase of Exclusive Rights of Burials Certificates?	Yes	<p>Sample: Rosemary Chiles, plot H18. Exclusive Rights certificate 1995 issued to Mr Johns 6/10/20</p> <p>Gordon Hughes, plot 56. Exclusive Rights certificate 1994 issued to Mr Hughes 4/6/20</p>	Copies of register and exclusive rights certificates seen by the auditor.
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9. Procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	Evidence
9.1	Minutes – DPIs or other interests recorded?	Yes		Minutes of meetings
9.2	Minutes initialled on each page and final page signed?	NA	All meetings in 20/21 have been held via Zoom. Minutes to be signed as soon as circumstances allow.	Minutes
9.3	List of members' interests held and published on the website?	Yes	Details of Councillors are held on the website with a link through to the District Council's register of interests.	Website
9.4	Agendas signed and displayed 3 clear days' prior to meeting?	Yes		Copies seen by auditor
9.5	Summons issued in proper format?	Yes		Copies seen by auditor

