

## COLEFORD TOWN COUNCIL

Internal auditor's report for the year ended 31 March 2017

Date of appointment of Internal Auditor: 2017

Date of Internal Audit: 31.05. 2017 (full)

### 1. Bookkeeping

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
1.1	Were books made up to date?	Yes		
1.2	Is cash book arithmetic correct? (If excel - check formulae)	Not checked	Looking at the internal checklist this should be included.	
1.3	Is there evidence of regular in-house checks by members (signed and minuted)?	Yes	See comments at end of this report.	

### 2. Day to day transactions

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
2.1	Have Standing Orders been formally adopted?	Yes		
2.2	Have Standing Orders been reviewed and minuted?	Yes but	Not clear in minutes if a review took place in 2016/17. There should be an annual review. Current copy looks short, have all model sections been incorporated?	His will be completed as part of the Standing Orders Review
2.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
2.4	Have Financial regulations been reviewed and minuted?	YES BUT	Not clear in minutes as above. Cannot see financial reporting is as stated in FR	Now listed separately with eth standing Order review
2.5	Have items / services above the de minimus amount been competitively purchased in accordance with Financial and Procurement Regulations?	Yes	Not sure all contracts have been competitively compared. See comment at end of this report	
2.6	Has the General Power of Competence been adopted? If	No		

	“yes”, has evidence been seen? E.g. a minute			
2.7	If 2.6 = “no”, separate account for s.137 payments?	Yes		
2.8	If 2.6 = “no”, s.137 spend limit for year identified?	No		
2.9	Loans – interest / principal payable	N/A		
2.10	Lending – interest / principal receivable.	N/A		
2.11	Does the Council have a Grant Awarding policy?	No	Need to be created, see websites. Allows consistency, reflects TC priorities, and is open and transparent	CTC does have a grant policy. This is under review
2.12	Councils authorisation of Direct Debit / SO list approved.			

### 3. Risk management

Ref	Test	Meets requirements	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	There are regular internal control checks which may need to be more extensive.	Councillors to be more diligent
3.2	Copy of Risk Management policy / statement seen?	Yes but	I can see the risk assessment. But TC need to separate a general policy of intentions and evidence of checks and reviews with actions. Lack of evidence may invalidate a potential insurance claim. Responsibilities could be shared with relevant Committee	The Town Council facilities diary covers this concern
3.3	Minutes checked for unusual activity & evidence that risks are being identified and managed	Yes		
3.4	Minutes initialled, each page identified and overall signed	Yes but	Documents not headed ‘minutes’, or pages numbered	Now introduced

			consecutively. Filing TC and Committees together, is confusing. All signed but not dated	
3.5	Insurance – in place, and adequate and appropriate? See also 8.3	Yes	With WPS, a 3 yr agreement? TC now checking policy covers new activity	This incorrect. Insurance with AVIVA now on a 3year term
3.6	Insurance – evidence of review of cover	Yes	Feb 2017	
3.7	Evidence that assets have been inspected for risk	No	I can see the plan, but not weekly / monthly/ annual checks	
3.8	Review of investments, including bank accounts	No	Tc must review this at least every 3 yrs. See **	Will be agenda for next Finance & Office Committee

#### 4. Budgetary controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
4.1	Was a budget adopted?	Yes	Jan meeting 17th 2017	
4.2	Was a copy of the budget attached to the minute adopting it?	Yes	General lay out of the form could be more informative. IE showing last full year actual, current actual with end of yr forecast for comparison	
4.3	Was a contingency included in the budget?	Yes but	Generally noted as part of reserves	
4.4	Were the objectives of the reserves identified?	Yes		
4.5	Were the balances at the close of the year projected? How many months spend does the general reserve represent?	Yes  Appx4 months		
4.6	Did the council regularly compare the actual income and expenditure to the budget, as detailed in Financial Regulations.	Yes	TC see reports from the Omega system against budget	
4.7	Are there any significant unexplained variances from budget?	No		

## 5. Income controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
5.1	Was the precept demand properly minuted?	Yes		
5.2	Was the precept received?	Yes	2 payments	
5.3	Were all anticipated grants received?	Yes		
5.4	Were all anticipated rents received?	Yes	Burials and room hire	
5.5	Was all anticipated investment income received?	Yes		
5.6	Is income properly recorded and promptly banked? As quickly as possible	Yes	Using Unity Bank	
5.7	Are security controls over cash adequate and effective? If in receipt of cash, is a receipt provided?	Yes		

## 6. Petty cash/cards/internet banking

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
6.1	Was cash float sufficient and regularly replenished?	Yes		
6.2	Was the cash float physically counted by a member?	Yes		
6.3	Was expenditure approved?	Yes		
6.4	Is all expenditure supported by VAT invoices / receipts?	Yes		
6.5	If credit / debit / prepaid cards in use, proper procedures in place?	n/a		
6.6	Is the 2 cllr signature rule applied to payments made by internet banking?	Yes but	TC need to consider a better 'paper chase' system	The Clerk has endeavoured to make this as simple as possible.

## 7. Payroll

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
7.1	Do all staff have a contract of employment?	Yes		
7.2	Are contracts regularly reviewed?	Yes		
7.3	Do salaries paid agree with those	?	Difficult to tell, due to an external	

	approved by Council?		co. making payments its difficult to check	
7.4	Are other payments to employees reasonable and approved by Council?	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		
7.6	Minimum wage paid?	yes		
7.7	Are Councillor's allowances and expenses properly authorised & controlled and reported to HMRC if required?	n/a		
7.8	Pension provision in place/considered?	Yes	Not sure if all staff have received information.	This is complete

#### 8. Assets control

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
8.1	Asset register seen and up to date?	Yes	Updated in April 2017	
8.2	Basis of valuations	?	See ** for guidance. No depreciation or replacement applied. Looks like it's based on insurance values? Perhaps also consider if 'Office equipment' would suffice for list. Not sure all the bits would be considered as 'assets'	This is opposite to any previous advice given by auditors. The Clerk to check
8.3	Comparison with insurance schedule (see also 3.4)	Not done		

#### 9. Bank reconciliation during the year

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
9.1	Evidence of completion for each account on regular basis?	Yes	Through Omega system	
9.2	Any unexplained balancing entries in any reconciliation?	No		

## 10. Year-end procedures

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
10.1	Cash book additions: - (a) tested by Councillor? - (b) tested by Internal Auditor?	No No	Trust is placed on admin staff. TC need to do periodic checks here	
10.2	Bank reconciliation: - (a) Original bank statement(s) seen? - (b) RFO's reconciliation? (last year and current year)	Yes Yes	Monthly	
10.3	Where appropriate, debtors and creditors properly recorded?	Not checked		
10.4	RFO to sign and certify year end accounts	Yes	For last yr. Meeting due 27.06.17 for these a/c	
10.5	Council as a whole to consider the year end accounts	Yes	For last yr	
10.6	Annual Governance Statement, Section 1 of Annual Return approved by whole council	Yes	For last yr. Make sure your minutes reflect the correct order of consideration, Page 5,2 then 3	
10.7	Annual Statement of Accounts, Section 2 of Annual Return approved by whole council	Yes	As above	

## 11. Other matters

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
11.1	VAT - recorded and paid / reclaimed properly?	Yes	TC decision to de register has caused some considerable work and delays in reclaim	
11.2	Code of conduct adopted by resolution of full council?	Yes	Should be reviewed annually, may have clauses not helpful?	
11.3	Referrals under the Code of Conduct?	No		
11.4	Registered with ICO?	Yes		
11.5	Is the Council a Managing Trustee	No		
11.6	Minutes - apologies	Yes		
11.7	Minutes – declarations of interest	Yes		
11.8	Minutes - dispensations	Yes	Written applications received	

11.9	Minutes generally	See 3.4		
11.10	Previous internal audit – action taken where recommended?	Yes ?	No details on Annual Return	
11.11	Previous external audit – action taken where recommended?	Yes	Problems with period of public rights	
11.12	Electronic records backed up, physical records stored securely (fire proof box/off site)	Yes but	Using cloud technology. TC to consider hard data...keys, deeds, contracts, emergency numbers in storage off site	A master set to be placed in fire safe floor safe
11.13	Compliance with Transparency Cde/guidance	No	New web, work in progress.	
11.14	List of members' interests held?	?	Just being collected, need to be published on TC web or link to FODDC web	
11.15	Agendas signed and displayed 3 clear days prior	NO	Not signed, or dated, not informative of all decisions to be made. All papers must go out with agenda. Not 'summoned' as required by law. See my comment *** re committees	Now introduced
11.16	Summons issued in proper format?	No		
11.17	Delegated authority	Yes	As per S/o and FR	

I note the TC has tried to reduce bank costs with the use of DD payments. Each year there needs to be a printed and approved list of proposed payments. This helps the internal control check the correct values are being paid. Please also note should the TC decide to move to electronic payments, a review of Financial Regulations need to demonstrate robust checks and balances in TC governance.

All DD's are listed as payments at each meeting

\*\*For general guidance on Financial matters see Governance and Accountability for Smaller Authorities 2016, updated in 2017

I have some concerns as to the number of payments made to NPES. Has the TP sort any other quotes to ensure these are a competitive arrangement and transparent as well?

For next year if events are held the Council will go out for additional quotations.( to be held blind)

TC may wish to consider a more comprehensive in- house audit check list. There are a number around. I cannot see if the TC have checked the correct payments are being made to staff in line with contractual agreements, correct DD payments are being made...

To be put on the Finance & Office agenda

Observation; Two things may not help member understanding. The minutes refer to the TC approval of recommendations from committees 'en bloc' unless the member goes back to the relevant minutes or the reader (on a website) it's not clear what the decision is. Why is the chairman of the TC approving the minutes of the committees? It is the chairman of each committee when instructed by the committee members who should sign as an accurate record.

\*\*\*Should the TC consider its working model? Most of the committees have no authority to make decisions. Currently all matters are referred back to full council. This is time consuming and my comment above is relevant here. Perhaps the referrals should be reflected as agenda items on the TC meeting for approval as recommended by 'X' committee?

OR as you have a 4 yr plan, give the authority for the committees to deliver the pertinent objectives within the agreed budget, minutes will keep all informed and the committees can work quickly and share the load. Can any committee be amalgamated.....planning and traffic etc. The more committees the more time creating agendas and minutes, is there time for the actions?

Thus the TC can put the emphasis on budget setting on each knowledgeable committee to complete tasks and plan for the next year, Finance can assess resources and any need for external help in finalising your budget in December.

The TC has has committed members and staff which is clearly moving forward as community leaders.