

BROADWELL PARISH COUNCIL.
Internal auditor's report for the year ended 31 March 2020
Date of Internal Audit: 11-26/11/2020
Name of Auditor: GAPTC (Julie Shirley)

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 tailored to council and formally adopted?	Yes	Based on the NALC 2018 model standing orders.	Standing Orders on website
1.2	Have Standing Orders been reviewed and minuted?	Yes	Reviewed May 2019	May 2019 minutes on website Minute Ref: 190509/10a
1.3	Have Financial Regulations been tailored to council	Yes	Recommend updating to latest NALC Model Version 2019 which includes reference to Government Contract Finder (contracts over	Financial Regulations on website

	and formally adopted?		£25k) and Public Contracts Regulations 2015 (as listed in Standing Orders)	
1.4	Have Financial regulations been reviewed and minuted?	Yes	5 th October 2017 version on website, reviewed in May 2019 with one proposed amendment. Recommend version on website is updated (as previously recommended in 1.3 above).	May 2019 minutes on website Minute Ref: 190509/c
1.5	Does the council have a grant awarding policy?	No policy		
1.6	Have items / services above the recommended amount been competitively purchased in accordance with Financial and Procurement Regulations?	Yes	£250-£25k 3 quotes required There have been no purchases above £250 except insurance	Cashbook Minutes on website
1.7	Code of conduct reviewed?	Yes	May 2019	May 2019 minutes on website Minute Ref: 190509/10b

2. Admin

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
2.1	Has the General Power of Competence been adopted (e.g. a minute reference)?	Not adopted		May 2019 minutes on website Minute Ref 190519/13

2.2	Is there a separate account for s.137 payments and within statutory limits?	Yes	Recommend a separate column in the cashbook to record section 137 payments	Cashbook
2.3	Council authorisation of Direct Debit list and Standing Orders?	N/A	No payments made by DD/SO.	Bank Statements Cashbook
2.4	Was Petty Cash expenditure approved, if any?	N/A	No Petty Cash held	
2.5	Receipts issued for cash income?	N/A	Cash income rarely received by Council	Cashbook
2.6	Is all expenditure supported by VAT invoices, if applicable?	Yes		Scans of invoices
2.7	VAT - recorded and paid / reclaimed properly?	Yes	VAT claim received 27/08/19 for the period to 31/03/19.	Bank Statement, Cashbook VAT claim for Dec 2018-March 2019.
2.8	Purpose of loan and power identified, if applicable?	N/A	No loan	

3. Risk management

Ref	Test	Meets	Internal Auditor's comments/recommendations	Evidence
-----	------	-------	---	----------

		reqmts? Yes, No or N/A		
3.1	Insurance policy in place?	Yes		Came & Company/Axa Insurance Schedule 2019/20
3.2	Evidence of review of insurance cover to ensure still fit for purpose?	Yes	Insurance reviewed May 2019.	May 2019 minutes on website Minute Ref: 190509/12
3.3	Copy of Risk Management policy and Risk Assessment seen?	Yes	Reviewed May 2019	Risk Management on website May 2019 minutes on website Minute Ref: 190509/10f
3.4	Evidence that internal controls take place and are documented	No but...	Normally, Council views original bank statements at meetings, receive bank reconciliation and view invoices when signing cheques. However, Minutes have not recorded that this has taken place since July 2019. Recommend carrying out a twice-yearly check of the accounts to safeguard the council and clerk and ensure areas of financial risk are managed.	Minutes on website.
3.5	Asset register seen and reviewed regularly?	Yes but...	Website version dated 7 th January 2018. Minutes show this was reviewed in May 2019. Recommend date of document updated on next review plus add Purchase Cost column.	Asset Register on website May 2019 minutes on website
3.6	Evidence that assets have been inspected for risk, reported in minutes and actions undertaken?	Yes but...	Play equipment inspected annually by RoSPA. Recommend inspections of all Council's assets is carried out regularly and reported to Council to safeguard Council in case of insurance claim.	May 2019 minutes on website Minute Ref: 190519/22

3.7	Review of investments, including bank accounts?	No but...	Recommend that Council confirms mandate annually to ensure authorised signatories are correct.	
3.8	Is 'two councillor signatures' rule applied for payment orders?	Yes	Cheques are signed by two councillors and cheque stubs initialled	Cheque stubs
3.9	If credit / debit / prepaid cards in use, are proper procedures in place?	N/A	No Council credit/debit card	
3.10	Electronic and physical records backed up?	Yes	Files backed up to One Drive in the Cloud	Confirmed by Clerk

4. Transparency Code

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
4.1	Details of public land and building assets on website (if applicable)?	Yes	Contained within the Asset Register	Asset Register on website
4.2	Minutes published on website in draft form within one month (mandatory for	Yes		Website

	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?	Mostly	Recommend Council reviews the requirements of the Transparency Code for Smaller Authorities, for example more detailed information about payments needs to be available on the website (within the minutes is sufficient).	Minutes and website

5. Budgetary controls

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
5.1	Was a budget properly prepared, adopted and minuted?	Yes	2020/21 – approved at January 2020 meeting 2019/20 – approved at November 2018 meeting	January 2020 minutes on website Minute Ref: 191107/9c November 2018 minutes on website Minute Ref: 181101/11b
5.2	Were the objectives of the reserves identified?	Yes		Draft Budget 2019/20 & Earmarked Reserves document dated 01/11/18
5.3	Was the precept demand properly minuted in full council?	Yes	2020/21 – approved at January 2020 meeting 2019/20 – approved at November 2018 meeting	January 2020 minutes on website Minute Ref: 191107/9c November 2018 minutes on website Minute Ref: 181101/11b
5.4	Did council regularly review bank reconciliations and reconcile them	No but...	Due to the changeover of Clerks and delivery of bank statements there have been gaps in reconciling the bank account during the year.	Minutes on website

	with the cash book?		Recommend that Council reviews bank reconciliations quarterly and this is recorded in the minutes. Minutes up to and including July 2019 contain bank rec information.	
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 Council compares income / expenditure to the budget at quarterly intervals.	Minutes on website
5.6	Are any significant unexplained variances from budget reported?	Unknown		

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 but...	Recommend it is recorded in the minutes that Clerk has a contract of employment and confirm the salary scale and pension arrangements.	Contract viewed for previous clerk (in post until July 2019). No other contracts of employment viewed.
6.2	Do salaries paid agree with those approved by Council?	Yes		Payslip June 2019 viewed.

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 is outsourced to PATA – confirmation email from PATA dated 01/10/19 viewed. Payroll Summary for the year to date 31/12/19 viewed showing PAYE/NI/Pension totals. Payslip June 2019 viewed.
6.4	Minimum wage paid?	Yes		Payslip June 2019 viewed
6.5	Are Councillor's allowances and expenses properly authorised & controlled, if any?	N/A	Allowances not paid.	Cashbook.
6.6	Pension provision – eligible employees offered pension scheme and outcome minuted?	No	All employees must be offered a pension scheme, even if below lower earnings threshold. The council need not contribute to a pension if below the threshold.	Checked monthly salary against HMRC threshold limits to confirm.
6.7	Has auto-enrolment registration with Pension Regulator been reviewed (if applicable)	Yes but	Declaration last made August 2017, recommend checking if re-declaration of compliance is due (this is done every 3 years)	Email dated 23/08/17

7. Year-end procedures

Ref	Test	Meets reqmts? Yes, No or	Internal Auditor's comments/recommendations	Evidence
-----	------	-----------------------------	---	----------

		N/A		
7.1	Are debtors and creditors recorded properly on separate balance sheet if using Income & Expenditure reporting?	N/A	Payments & Receipts basis used.	
7.2	Council as a whole to consider the year-end accounts?	Yes		May 2019 minutes on website
7.3	Annual Governance Statement, section 1 of Annual Return, approved by whole council	Yes but...	2018/19 approved May 2019 2019/20 not yet approved at time of internal audit (Nov 2020)	May 2019 minutes on website Minute Ref: 190509/17
7.4	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council?	Yes but...	2018/19 approved May 2019 2019/20 not yet approved at time of internal audit (Nov 2020)	May 2019 minutes on website Minute Ref: 190509/20
7.5	Are all sections of the Annual Governance & Accountability Return published on the website (mandatory for councils with turnover under £25,000)?	Yes	2018/19 published on website 2019/20 not yet published.	May 2019 minutes on website Minute Ref: 190509/9
7.6	Previous internal	Yes	2018/19 reviewed May 2019	May 2019 minutes on website

	audit report reviewed by council and action taken where recommended?			Minute Ref: 190509/19
7.7	Previous external audit report (for councils with turnover over £25,000) reviewed by council and action taken where recommended?	N/A	Council certified itself exempt from external audit 2018/19	Minutes Website

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 but...	Policy made available to auditor refers to another parish council on the subject access request form. Recommend that Council has policies in place that sets out arrangements for GDPR; GAPTC can provide templates.	Broadwell Data Protection Policy
8.2	Is the Council a Managing Trustee?	N/A	Not a Managing Trustee	
8.3	Do trustees meet at	N/A		

	least once a year and publish separate accounts?			
8.4	Did council formally appoint GAPTC as the Internal Auditor?	Yes		November 2020 Minutes on website Minute Ref: 20201106/3

9. Procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	For use by Council
9.1	Minutes – DPIs or other interests recorded?	Yes		Minutes on website, for example 7 th November 2019
9.2	Minutes initialled on each page and final page signed?	Yes		Scans of signed minutes seen: 09/01/20, 05/09/19, 04/07/19
9.3	List of members' interests held and published on the website?	Yes		Website link to Cotswold District Council website
9.5	Agendas signed and displayed 3 clear days' prior to meeting?	Yes		Agendas on website
9.6	Summons issued in	Yes		Agendas on website

proper format?			
----------------	--	--	--

10. Sampling

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
10.1	Is income properly recorded and promptly banked and receipts issued for cash income?	Yes		Paying in slips, bank statements.
10.2	Audit trail for selected sample transactions?	Yes		Cheque book stubs, invoices, minutes, cashbook
10.3	Are registers up to date for council-owned burial grounds and purchase of Exclusive Rights of Burials certificate completed?	N/A	No burial ground	