

Internal Audit

Hailey Parish Council

Year Ending 31 March

2018

Internal Auditor: Robert Whitehouse

Summary Checklist Report

This internal audit report is based upon the Association of Local Councils recommended checklist, introduced in 2016, in conjunction with the Practitioners' Guide to Governance and Accountability in Local Authorities.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

Name of Council	Hailey Parish Council	Name of Clerk to the Council	Lisa Wilkinson
No. Of Councillors	7	Name of RFO	Lisa Wilkinson
Quorum	3	Precept (for audit year)	£20,000 (incl Council Tax grant)
Electorate	1,300 (approx.)	Gross budgeted income	£20,000

1. Book-Keeping			Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes	The accounts are balanced to be up to date for the monthly Council meeting and are up to date to the financial year-end.
1.2	Arithmetic correct?	Yes	Checks of the computerised accounting system (Money Manager) confirmed that the cashbook and other accounts arithmetic were correct.
1.3	Evidence of internal control?	Yes	<ul style="list-style-type: none"> • Internal audit • Risk assessment policy • Risk management schedule • Budgetary control and monitoring • Bank reconciliation review by Council
1.4	VAT evidence, recording and reclaimed?	Yes	The Council is able to recover VAT through the Local Authorities and Similar Bodies Scheme. A claim for repayment of VAT is made usually made quarterly, unless the refund is < £100. The last claim received in the year covered the period to 30/09/17. Testing indicated that VAT on income and expenditure had been correctly applied.
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes	See Detailed schedule in Compliance Testing Report. All payments are authorised in monthly minutes.
1.6	Is S137 expenditure separately recorded and within statutory limits?	Yes	A separate S137 account is maintained in the cashbook to record S137 expenditure.
1.7	Is S137 expenditure of direct benefit to the electorate?	Yes	All S137 expenditure incurred in the current financial year was in respect of activities relevant to the parish. i.e. a £116.67 for a tug of war rope.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

2. Due Process			Comments & Recommendations
2.1	Standing Orders adopted since 2010?	Yes	The Clerk gave an assurance that Council reviewed the Standing Orders annually. Last review was May 2017 as minuted.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	Standing Orders, together with other key Council governance documents, are scheduled to be reviewed and approved at the Annual meeting in May.
2.3	Financial Regulations adopted?	Yes	The Clerk gave an assurance that Council reviewed the Financial Regulations annually. Last review May 2017 as minuted.
2.4	Financial Regulations properly tailored to Council?	Yes	The current Financial Regulations are based on the current NALC model Standing Orders and Financial Regulations, adapted to suit the specific needs of the Council.
2.5	Equal Opportunities policy adopted?	Yes	An Equal Opportunities policy (Equal Access Policy) has been adopted by the Council as of 18 January 2018.
2.6	RFO appointed?	Yes	Lisa Wilkinson was appointed as Clerk to the Council on 24/08/15, which included responsibility as the RFO.
2.7	List of member's interests held?	Yes	The Clerk maintains and updates the list of member's interests as required. A link will be made available on the parish council website to the list of member's interests held at Hailey Parish Council.
2.8	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	At least 7 days prior to the Council meeting the clerk prepares and signs the council meeting agenda, which lists matters for discussion and is posted on the Council's website and on notice boards around the village.
2.9	Purchase orders raised for all expenditure?	Yes	Most orders for goods and services are made by or confirmed by email.
2.10	Purchasing authority defined in Financial Regulations?	Yes	The Financial Regulations stipulate that purchases under £100 require an estimate; from £100 to £1,000 require 3 estimates; £1,000 to £10,000 3 quotes. Over £10,000, tenders required.
2.11	Legal powers identified in minutes and/or ledger?	Yes	Legal powers are recorded on invoices
2.12	Committee terms of reference exist and have been reviewed?	No	N/A. No committees of council.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

3. Risk Management			Comments & Recommendations
3.1	Does a scan of the minutes identify any unusual financial activity?	No	Minutes are prepared for all meetings of the Council, which meets monthly. No unusual financial activity was found in the minutes reviewed. Council minutes are available to view on the Council's website.
3.2	Is an annual risk assessment carried out?	Yes	The Council has a formal risk assessment policy in place covering many of the areas of risk the Council may be faced with. The risk assessment policy is maintained by the Clerk and reviewed annually, as part of the review of Standing Orders and Financial Regulations.
3.3	Is Insurance cover appropriate and adequate?	Yes	The level and range of insurance cover appears to be adequate for the size of the Council.
3.4	Evidence of annual insurance review?	Yes	The insurance is renewed annually on 1st June. Insurance cover is currently placed with brokers Aon. The Clerk undertakes a review of insurances prior to renewal to ensure that best value is obtained in respect of service levels and premiums. This is the 2nd year of a long-term agreement
3.5	Internal financial controls documented and evidenced?	Yes	Stipulated in the Standing Orders, Financial Regulations and Risk Management
3.6	Minutes initialled, each page identified and overall signed?	Yes	Minutes of all Council meetings are initialled by the chair of the meeting. Each page of the minutes is identified by a unique page number reference and all minutes are signed by the meeting chair and dated.
3.7	Regular reporting and minuting of bank balances?	No	Bank balances not currently presented to Council at each meeting. It is recommended this is added to the monthly minutes.
3.8	S137 expenditure minuted?	Yes	All expenditure is minuted, although the sS137 expenditure incurred is not specifically identified as S137 expenditure in the minutes. Recommendation that specific identification be made in the minutes.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

4. Budget			Comments & Recommendations
4.1	Annual budget prepared to support precept?	Yes	A detailed budget is prepared annually by the Clerk.
4.2	Has budget been discussed and adopted by Council?	Yes	The budget for the financial year being audited was reviewed and approved by the Council at its December 2016 meeting.
4.3	Any reserves earmarked?	No	N/a
4.4	Any unexplained variances from budget?	Yes	All explained as per the Annual Return and year-end financial reports.

4. Budget			Comments & Recommendations
4.5	Precept demand correctly minuted?	Yes	The approved precept demand of £20,000 was forwarded to WODC by the deadline and was correctly minuted.

5. Payroll - Clerk			Comments & Recommendations
5.1	Contract of employment?	Yes	The Clerk has a contract with the Council to undertake the duties of Clerk to the Council on an employed basis. The contract is for 10 hours per week. The contract with the Clerk is in accordance with NJC. Payment is made through PAYE.
5.2	Tax code issued/contracted out?	Yes	The Clerk submits monthly payroll returns to HMRC for her salary and the correct tax code is used.
5.3	PAYE/NI evidence?	Yes	Records provided via HMRC's Basic Tools free software.
5.4	Has Council approved the salary paid?	Yes	The Clerk is paid, monthly in arrears, on submission of a timesheet. Any changes to the clerk's remuneration and contract are approved by the Council. Council approves salaries for payment as part of the expenditure approval process. The Clerk's salary is approved within the setting of the annual budget.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

5. Payroll - Clerk			Comments & Recommendations
5.5	Other payments reasonable and approved by Council?	Yes	The contract with the Clerk includes a monthly office allowance, which is £24.96. This is to cover incidental expenses of working from home. Other specific business and out of pocket expenses incurred by the Clerk are claimed at the same time as the claim for remuneration by the Clerk. The Council is registered for Auto Enrolment Pensions and the Clerk is enrolled.

6. Payroll - Other			Comments & Recommendations
6.1	Contracts of employment?	No	N/A as the Clerk is responsible for all the financial and administrative affairs of the Council and there are no other employees.
6.2	Does the Council have employers' liability cover?	Yes	The Council has employer's liability cover of £10M.
6.3	Tax code(s) issued?	Yes	Yes
6.4	Minimum Wage paid?	Yes	The Clerk's remuneration exceeds both the applicable Minimum Wage and Living Wage.
6.5	Disciplinary, Grievance & Complaints procedures in place?	Yes	A complaints and Grievance Policy has been adopted and disciplinary procedures are in the Clerks contract of employment.

7. Asset Control			Comments & Recommendations
7.1	Does the Council keep a register of all material assets owned?	Yes	The Clerk is responsible for maintaining the manual asset register.
7.2	Is the asset register up to date?	Yes	The asset register was up to date as at the financial year-end.
7.3	Value of individual assets included?	Yes	All assets have an individual value on the asset register
7.4	Inspected for risk and health and safety?	Yes	A Councillor inspects the village assets e.g. play areas on a regular basis and reports back to the Council. Play equipment checked annually by ROSPA accredited inspectors.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

8. Bank Reconciliation			Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes	<p>The Council holds the following bank accounts, all of which were operating at the start of the financial year;</p> <p>Unity Trust Current A/c 20376976 HPC Deposit A/c 61224689 Burial Ground Current A/c 91318055 (closed in the year) Burial Ground Deposit (closed in the year)</p> <p>In addition there is a balance of £10,000 recorded as a loan to WODC</p>
8.2	Reconciliation carried out on receipt of statement?	Yes	The bank accounts are reconciled on receipt of bank statements.
8.3	Any unexplained balancing entries in any reconciliation?	No	n/a
8.4	Is the bank mandate up to date?	Yes	All payments are entered by the Clerk onto online banking and are authorised by two councillors who have their own login credentials. Cheques also require 2 signatories.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

9. Year-End Procedures			Comments & Recommendations
9.1	Year-end accounts prepared on correct accounting basis?	Yes	Day to day and year-end accounts are prepared on a Receipts and Payments basis.
9.2	Bank statements and ledger reconcile?	Yes	A full reconciliation of each bank statement to the corresponding account in the ledger as at 31st March was prepared and reviewed and approved by the Council.
9.3	Underlying financial trail from records to presented accounts?	Yes	The computerised accounting system provides a satisfactory audit trail to the underlying financial records. Although it is recommended that all adjustments are recorded in the ledger before transposition into the final accounts.
9.4	Where applicable, debtors and creditors properly recorded?	Yes	Although not required to be recorded in the Receipts and Payments Accounts (i.e. cash based accounts), no outstanding debtors or creditors were identified at the financial year-end.
9.5	Has Council agreed, signed and minuted sections 1 & 2 of the Annual Return?	No	Section 1-Annual Governance Statement and Section 2-Accounting Statement, to be signed and minuted by Council on 11/06/18.

10. Miscellaneous			Comments & Recommendations
10.1	Have points raised at the last internal audit been addressed?	N/a	No recommendations were made in the last audit.

10. Miscellaneous			Comments & Recommendations
10.2	Has the Council adopted a Code of Conduct since July 2012?	Yes	The Council adopted a Code of Conduct following the 2011 Localism Act in 2012, which has not been updated to date, although has been reviewed.
10.3	Is eligibility for the General Power of Competence properly evidenced?	Yes	The Council is not yet eligible for this particular power. But will be from July 2018.
10.4	Are all electronic files backed up?	Yes	Data on the Clerk's PC is backed up to a memory stick on a monthly basis. The Clerk is also looking at a cloud backup to reduce the chances of data loss.
10.5	Do arrangements for the public inspection of records exist?	Yes	The Transparency Act requires a significant amount of Council data to be available on the Council's website. Notice of audit is displayed as per external audit instructions. Outside of this period, inspection of records can be undertaken by prior appointment.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

11. Charities			Comments & Recommendations
11.1	Charities reported and accounted separately?	Yes	The Council is a trustee and is involved in the administration of the Allotment for the Labouring Poor Charity and Joan Smith Educational Charity.
11.2	Have the Charity accounts been separately audited?	No	Not required.
11.3	Have the Charity accounts and Annual Return been filed within the legal time limits?	Yes	

12. Burial Authorities			Comments & Recommendations
12.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?	Yes	
12.2	Are fees levied in accordance with the Council's approved scale of fees and charges?	Yes	
12.3	Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly?	Yes	
12.4	Do all internment of ashes have a certificate of cremation?	No	There are no cremations in the Parish
12.5	Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	Yes	

13. Income Controls			Comments & Recommendations
13.1	Is income properly recorded and promptly banked?	Yes	.
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The precept and CTSG were received in the following instalments and recorded in the accounts: May 2017: £10,000 (50% of annual precept). October 2017: £10,000 (50% of annual Precept) The total precept received for 2017/18 was £20,000 as per the WODC notification
13.3	Are security controls over cash adequate and effective?	Yes	Only cash is from allotment receipts which are recorded and banked.

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

14. Petty Cash			Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	N/a .	
14.2	Is petty cash expenditure reported to Council?	N/a .	
14.3	Is petty cash reimbursement carried out regularly?	N/A	

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

TRANSACTION SPOT CHECK						
Check No.	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Transaction type	Purchase invoice	Purchase invoice	Purchase invoice	Grant	Pay	Precept
Supplier/Customer	Netwise Training Ltd	Playground Facilities Ltd	Luke Cripps	St Johns Church	Parish Clerk	WODC
Invoice/Transaction No.	August 2017	1016	01/02/2018	n/a	October 2017	1710091
Invoice/Transaction date	August 2017	22/08/2017	01/02/2018	12/06/2017	31/10/2017	09/10/2017
Goods/services supplied	New Website and annual fee	Repair roundabout	Remove Tree Bough	Grant to St Johns Church	Salary & Expenses	Precept
Ledger date	14/08/17	11/09/2017	12/02/2018	12/06/2017	13/11/2017	
Item/Budget heading	Non Recurring	Recreation ground repairs	Tree Maintenance	Grants	Clerk's Salary, 519.24 IT 59.99 & 12 travel + 24.96 exp	Precept
Ref/cheque No.	Online Banking	Online Banking	Chq 300008	Chq 300007	Online Banking	Funds received
Authorised by	2*authorised signatories	2*authorised signatories	2*authorised signatories	2*authorised signatories	2*authorised signatories	Clerk
Delivery evidence	Website	Councillor checked	Councillor checked	Cheque cashed	Clerk's services	Funds received
Payment minute ref	Page 75	Page 71	Page 4	Page 64	Page 84	Page 84 (Nov 17 minutes)
Payment value	£899.00	£221.70	£100	£1000	£616.19	£10,000
Statement value	£899.00	£221.70	£100	£1000	£616.19	£10,000
Payment Date	15/08/2017	12/09/2017	16/02/2018	12/06/2017	14/11/2017	11/10/2017
Timely payment	Yes	Yes	Yes	Yes	Yes	Yes
VAT recorded	n/a	£36.95	n/a	n/a	n/a	n/a
S137 recorded in ledger	n/a	n/a	n/a	n/a	n/a	n/a
S137 minuted	n/a	n/a	n/a	n/a	n/a	n/a
Notes				The Clerk has been made aware that this donation is currently under review.		
Pass	√	√	√	√	√	√

Internal Audit Summary Checklist Report for Hailey Parish Council

Year Ending: 31 March 2018

Any further comments

The overall internal audit assurance rating is: VERY GOOD.

Acknowledgments

As with the previous year's internal audit, the help and co-operation of Lisa Wilkinson, Clerk to the Council is much appreciated by the internal auditor.

Internal audit carried out by	(signed)	(print)
	<i>RY Whitehouse</i>	Robert Whitehouse
Audit type (delete as appropriate)	INTERIM ANNUAL	
Date	18/05/2018	

For internal auditor's use only

Part 3 of Annual Return form completed and signed	18/05/2018
Internal audit report/letter sent to Council	18/05/2018

Ending: March 2018

2017/18 ANNUAL RETURN		Year Ending 31 March 2017	Year Ending 31 March 2018
1	Balances brought forward	£ 15,492	£ 21,089
2	Annual precept	£ 14,702	£ 19,705
3	Total other receipts	£ 25,573	£ 13,001
4	Staff costs	£ 6,005	£ 6,501
5	Loan interest/capital repayments	£ 0	£ 0
6	Total other payments	£ 28,673	£ 11,444
7	Balances carried forward	£ 21,089	£ 35,850
8	Total cash and investments	£ 21,089	£ 35,850
9	Total fixed assets and long term assets	£ 173,950	£ 174,168
10	Total borrowings	£ 0	£ 0
11	The Council acts as a sole trustee for and is responsible for managing Trust funds or assets	NO	NO