

Internal Audit

Flagg Parish Council

Year Ending 31 March 2020

Internal Auditor: Elizabeth Fitzgibbon

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

Summary Checklist Report

CONFIDENTIAL

Internal Audit Summary Checklist Report for Flagg Parish Council

Year Ending: 31 March 2020

Name of Council	Flagg Parish Council	Name of Clerk to the Council	Stephen Mansfield
No. Of Councillors	5	Name of RFO (if different)	
Quorum	3	Precept (for audit year)	£1,500

1. Book-Keeping				Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes		The accounts are up to date to the financial year-end.
1.2	Arithmetic correct?	Yes		Checks of the computerised accounting system 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 • Budgetary control and monitoring • Bank reconciliation review by Council.
1.4	VAT evidence, recording and reclaimed?		No	No VAT reclaim has been made. No VAT paid in year.
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes		See Detailed schedule in Compliance Testing Report
1.6	Is S137 expenditure separately recorded and within statutory limits?			None
1.7	Is S137 expenditure of direct benefit to the electorate?			N/A.

2. Due Process				Comments & Recommendations
2.1	Standing Orders adopted since 2010?	Yes		Standing Orders were last reviewed, updated and approved by Council in April 2017.
2.2	Standing Orders reviewed at Annual Meeting?		No	Annual meeting not possible due to all but one councillor resigning.
2.3	Financial Regulations adopted?	Yes		Financial Regulations were last reviewed, updated and approved by Council in April 2017. Reviewed - minute 11/09/18/10. Next review in progress (minute 19/11/19/10)
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		The Equal Opportunities policy is available on the website.

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2. Due Process				Comments & Recommendations
2.6	RFO appointed?	Yes		The clerk is also the RFO.
2.7	List of member's interests held?	Yes		The Clerk maintains and updates the list of member's interest as required.
2.8	Agendas signed, informative and displayed with 3 clear days' notice?	Yes		The clerk prepares and signs the council meeting agenda, which lists matters for discussion and is posted on the Council's website and parish council notice board.
2.9	Purchase orders raised for all expenditure?		No	Financial Regulations determine how commitment to purchase is made .
2.10	Purchasing authority defined in Financial Regulations?	Yes		The Financial Regulations stipulate that: <ul style="list-style-type: none"> • Where possible 3 estimates/quotes will be obtained for purchases exceeding £500. • Under £500 can be authorised by the Clerk, subject to budgetary provision.
2.11	Legal powers identified in minutes and/or ledger?	Yes		
2.12	Committee terms of reference exist and have been reviewed?			N/A. No committees of council.

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 6 times per year. 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 Clerk undertakes regular examinations of working conditions, workplace activities and environmental factors to enable potential and inherent risks in the Parish Council's activities to be identified and assessed. Risk assessment register is available online.
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 1 st June. Minute 02/07/19/13 agreeing change of provider. Insurance cover is now placed with Hiscox via Came & Co.
3.5	Internal financial controls documented and evidenced?	Yes		Effective and acceptable financial control procedures are operative as stipulated in the Financial Regulations.
3.6	Minutes initialled, each page identified and overall signed?		No	Minutes of some Council meetings are currently awaiting signature by the new chair. Each page of the minutes is identifiable by the unique sequential minute number.
3.7	Regular reporting and minuting of bank balances?	Yes		Bank balances are presented to Council at each meeting as part of the financial reporting and are minuted.
3.8	S137 expenditure minuted?			N/A

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4. Budget				Comments & Recommendations
4.1	Annual budget prepared to support precept?	Yes		A budget is prepared annually by the Clerk.
4.2	Has budget been discussed and adopted by Council?	Yes		The budget for the for the new financial was reviewed and approved by the Council. Minute 02/07/19/10 and 21/1/20/14
4.3	Any reserves earmarked?			N/A.
4.4	Any unexplained variances from budget?	Yes		None
4.5	Precept demand correctly minuted?	Yes		The approved precept demand of £1,500 was forwarded to DDDC by the deadline and was correctly minuted – 21/1/20/14

5. Payroll - Clerk				Comments & Recommendations
5.1	Contract of employment?	Yes		The Clerk received a combined contract of employment and job description following appointment on 19 th January 2017. This is available on the website.
5.2	Tax code issued/contracted out?	Yes		The Clerk is remunerated through the payroll and has an applicable tax code.
5.3	PAYE/NI evidence?	Yes		The payroll confirmed that the Clerk's salary was subject to PAYE.
5.4	Has Council approved the salary paid?	Yes		The Council's payroll is outsourced to DM Payroll Services. The Clerk's salary is based on an agreed fixed rate bi-monthly. Minute 02/07/19/10 The Clerk payments are approved by the Council on the expenditure payment approvals list
5.5	Other payments reasonable and approved by Council?	Yes		Other than the fixed bi-monthly salary payment, no other remuneration is made to the Clerk other than repayment of receipted expenses incurred on behalf of the council.

6. Payroll - Other				Comments & Recommendations
6.1	Contracts of employment?	Yes		N/A as the Clerk is responsible for all the financial and administrative affairs of the Council.
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		BR
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		The council has adopted the NALC model procedures. A copy is available on the website.

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7. Asset Control				Comments & Recommendations
7.1	Does the Council keep a register of all material assets owned?	Yes		
7.2	Is the asset register up to date?	Yes		
7.3	Value of individual assets included?	Yes		All purchased assets are recorded at cost.
7.4	Inspected for risk and health and safety?	Yes		

8. Bank Reconciliation				Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes		Reconciliations are undertaken for the bank account held by the Council: <ul style="list-style-type: none"> NatWest (current) Account bank statements received monthly.
8.2	Reconciliation carried out on receipt of statement?	Yes		The bank account is reconciled on receipt of statement.
8.3	Any unexplained balancing entries in any reconciliation?		No	
8.4	Is the bank mandate up to date?	Yes		New Bank signatories arranged – minute 21/01/20/10 and 03/03/20/10.

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 the bank statement to the ledger as at 31 st March was prepared.
9.3	Underlying financial trail from records to presented accounts?	Yes		The accounting system provides a satisfactory audit trail to the underlying financial records.
9.4	Where applicable, debtors and creditors properly recorded?			Not required to be recorded in the Receipts and Payments Accounts (i.e. cash based accounts).
9.5	Has Council agreed, signed and minuted sections 1 & 2 of the Annual Return?		No	Section 1-Annual Governance Statement to be signed by the Council chair at the meeting on a date to be agreed. Delayed by COVID19. Section 2-Accounting Statements to be presented to the Council for signing at the meeting on a date to be agreed. Delayed by COVID19.

10. Miscellaneous				Comments & Recommendations
10.1	Have points raised at the last internal audit been addressed?			None raised.
10.2	Has the Council adopted a Code of Conduct since July 2012?	Yes		At a meeting of the parish council on 8 th November 2016

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10. Miscellaneous				Comments & Recommendations
10.3	Is eligibility for the General Power of Competence properly evidenced?			N/A. The Council is not eligible for this particular power.
10.4	Are all electronic files backed up?	Yes		Finance and Admin files are subject to a comprehensive back up regime. Copies are kept at two different locations. Secure online accounts system is separately backed up.
10.5	Do arrangements for the public inspection of records exist?	Yes		Notice of audit displayed as per external audit instructions. Outside of this period, inspection of records can be undertaken by prior appointment.

11. Charities				Comments & Recommendations
11.1	Charities reported and accounted separately?			The Council is not a trustee, nor involved in the administration of any charity.
11.2	Have the Charity accounts been separately audited?			N/A
11.3	Have the Charity accounts and Annual Return been filed within the legal time limits?			N/A

12. Burial Authorities				N/A
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13. Income Controls				Comments & Recommendations
13.1	Is income properly recorded and promptly banked?	Yes		Invoices are raised as appropriate. Cheques are banked as soon as is practically possible.
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes		The total precept received for 2019-20 was £1,500.00, as per the Derbyshire Dales District Council notification.
13.3	Are security controls over cash adequate and effective?	Yes		The petty cash held is minimal. No additional security controls are deemed necessary. Petty cash is held by the clerk.

14. Petty Cash				Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	Yes		No petty cash payments this year.
14.2	Is petty cash expenditure reported to Council?			N/A
14.3	Is petty cash reimbursement carried out regularly?			N/A

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TRANSACTION SPOT CHECK						
Check No.	1	2	3	4	5	6
Transaction type	Purchase invoice	Purchase invoice	Payroll			
Supplier/Customer	Came & Co	DM Payroll	Clerk			
Invoice/Transaction No.	36646975	568	N/A			
Invoice/Transaction date	24/05/2019	16/08/2019	30/11/2019			
Goods/services supplied	Annual insurance	Payroll Services	Clerk's duties			
Ledger date	02/07/2019	03/09/2019	19/11/2019			
Ledger Reference						
Item/Budget heading	Insurance	Payroll	Staff Costs			
Ref/cheque No.	308	312	316			
Authorised by	2 authorised signatures	2 authorised signatures	2 authorised signatures			
Delivery evidence	Policy	Payslips/P60	Salary			
Payment minute ref	02/07/19/14	03/09/19/14	19/11/19/14			
Insurance value	n/a	n/a	n/a			
Payment value	£218.00	£63.00	£134.34			
Statement value	£218.00	£63.00	£134.34			
Timely payment	✓	✓	✓			
VAT recorded	n/a	n/a	n/a			
S137 recorded in ledger	n/a	n/a	n/a			
S137 minuted	n/a	n/a	n/a			
Notes						
Pass	✓	✓	✓			

Any further comments

The overall internal audit assurance rating is: **GOOD.**

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Acknowledgments

The help and co-operation of Stephen Mansfield, Clerk to the Council, is much appreciated by the internal auditor.

Internal audit carried out by	(signed)	(print) Elizabeth Fitzgibbon
Audit type (delete as appropriate)	INTERIM ANNUAL	
Date	5 th September 2020	

For internal auditor's use only

Section 4 of Annual Return form completed and signed	N
Internal audit report sent to Council	Y

ANNUAL RETURN		Year Ending 31March 2020	Year Ending 31March 2019
1	Balances brought forward	3,237	3,288
2	Annual precept	1,500	1,500
3	Total other receipts	10	63
4	Staff costs	699	631
5	Loan interest/capital repayments	0	0
6	Total other payments	963	983
7	Balances carried forward	3,085	3,237
8	Total cash and investments	3,085	3,237
9	Total fixed assets and long term assets	1,500	1,500
10	Total borrowings	0	0