

PAUNTLEY PARISH COUNCIL.
Internal auditor's report for the year ended 31 March 2021
Name of Auditor: Vanessa Lawrence

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 No	Seems to be the standard taken from Model and tailored to suit this Council. No formal adoption recorded.	Meeting 28/9/2020 Item 4.1 On website
1.2	Have Standing Orders been a) reviewed? b) minuted?	Yes Yes	Minute explains that this was reviewed by a Councillor and report given by Clerk. No changed deemed necessary. Would recommend that clearer reference is made that the S.O is reviewed by whole Council and	Meeting 28/9/2020 Item 4.1

			formal approval given.	
1.3	Have Financial Regulations been a) tailored to council? b) formally adopted?	Yes No	No formal adoption recorded.	Meeting 28/9/2020 Item 4.1 On website
1.4	Have Financial regulations been a) reviewed? b) minuted?		Minute explains that this was reviewed by a Councillor and report given by Clerk. No changes deemed necessary. Would recommend that clearer reference is made that the S.O is reviewed by whole Council and	Meeting 28/9/2020 Item 4.1
1.5	Does the council a) give grants? b) have a grant-awarding policy?	Yes Yes	Clerk confirms Grants Policy but none given in 2020. Recommend that the policy is placed on the website	Confirmation in writing from the Clerk
1.6	Have items/ services been competitively purchased in accordance with Financial and/or Procurement Regulations?	N/A		
1.7	Code of conduct reviewed in the last 2/3 years?	No	Clerk confirms that this has not been considered for the last 2 years at least. Recommend that this is reviewed, formally approved and published on the website.	No evidence that this is tailored to meet the needs of this Council. Website shows the Nolan Principles and the Forest of Dean Code of Conduct

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)?	No	Not entirely clear whether this Council fully understands what this is and how it works. Clerk refers back to 2012/13 and how this is optional, but no further reference as to whether this might be considered	Note from Clerk
2.2	S137 a) is there a separate account for payments? b) are totals within statutory limits?	No N/A	There is no S137 column in the cashbook. So presumed that they may have GPC however this doesn't seem to be the case	
2.3	Is there an annual council authorisation of Direct Debit list and Standing Orders?	N/A	No DDs or SOs for the Council only for the Village Hall	
2.4	Was Petty Cash expenditure approved, if any?	N/A		
2.5	Is all expenditure supported by VAT invoices, if applicable?	Yes		As seen in cashbook.
2.6	VAT – a) recorded in accounts	Yes	Cashbook shows VAT column	Cashbook Minute 711 4d. – July 2020

b) reclaimed? Yes

Cashbook – One claim

2.7 Purpose of loan and power identified, if applicable? N/A

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		Payment approved Minute 711/5.viii – July 2020
3.2	Evidence of review of insurance cover to ensure still fit for purpose?	No	Although insurance payment approved. No evidence that this was reviewed prior to approval	
3.3	Copy of Risk Management policy seen?	No	Last updated 2019/20 as reported by the Clerk	Nothing on the website.
3.4	Evidence that internal controls take place and are documented including bank reconciliations?	No	No evidence found. No convinced that this Council is aware of the internal controls necessary aside from the SO's and F.Reggs, which the Clerk refers to. He explains that reconciliations are done at year end prior to audit, but I cannot find a minute that shows this.	
3.5	Does the council carry out an annual review of the effectiveness of	No	Recommend that council confirms when appointing the Internal Auditor that they are competent and independent of council..	

their overall internal
audit
arrangements?

3.6	Asset register seen and reviewed regularly?	Yes	Asset register at 31 st March shows one item. Clerk reports that this is reviewed annually as part of audit prep. Not sure that any other items are considered. However, Asset Register March 2020 shows 3 items.	Register on memory stick and website.
3.7	Evidence that assets			
	a) have been inspected for risk?	No	No evidence seen. Recommend that the Asset list is checked to ensure that all items are logged correctly and reported and minuted accordingly.	
	b) reported in minutes?	No		
	c) any actions undertaken?	No		
3.8	Review of			
	a) investments?	N/A		
	b) bank mandates?	Yes		Report from the Clerk
3.9	If credit / debit / prepaid cards in use, are proper procedures in place?	N/A		
3.10	Are			
	a) physical records secure?	No	Stored in folder but no mention of where these folders are kept.	Clerk's report
	b) electronic records backed up?	Yes	Weekly back up onto USB and spare drive	

4. Transparency Code

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
4.1	Minutes published on website in draft form within one month (mandatory for councils with a turnover of less than £25,000)?	Yes		Clerk reports published 2 weeks post meeting.
4.2	Compliance with Transparency Code for councils with turnover of less than £25,000 and over £200,000?	No	Recommend that this is reviewed to ensure required documents are published on the 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 for the year under review a) prepared? b) adopted?	Yes Yes		Minute 708 3a 1 – January 2020

	c) minuted?			
5.2	Reserves:		Would recommend that a simple Reserves Policy is prepared and published, formally approved and published	
	a) Is there a reserve policy	No		No policy evident
	b) Were the objectives of the reserves identified?	Yes		Reserves were considered at Meeting January 2020 Minute 708 3a 2 & 3
5.3	Was the precept demand for the year under review properly minuted in full council?	Yes		Meeting January 2020 Minute 708 3b 1 & 2
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	Clerk reports this is carried out quarterly	Most recent Minute 713 5.b – March 2021
5.5	Are any significant unexplained variances from budget reported?	No	Recommend that this is recorded more clearly in the Minutes with a separate agenda item.	

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?			
6.2	Do salaries paid agree with those approved by Council?	Yes		Minutes seen
6.3	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes		Clerk reports that Council is registered as an employer but PAYE not yet dealt with but this is in progress
6.4	Are Councillor's allowances and expenses properly authorised & controlled, if any?	Yes		Minutes
6.5	Pension provision – eligible employees a) offered pension scheme?	Yes		Signed up for local gov. pension scheme November 2019.
	b) outcome minuted?	Yes		Meeting – Nov 2019 Minute 707 12.1

6.6	Has auto-enrolment registration with Pension Regulator been reviewed (if applicable)	Yes	Clerk reports that this has been done
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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?	N/A		
7.2	Does council as a whole consider the year-end accounts?	Yes & No	The minute is very vague and whilst the accounts have been mentioned, I would not consider that this has been considered properly by the whole Council. Refers to preparations and passed to one Councillor for review?	Meeting April 2021 Minute 714 4.1 and 4.3
7.3	Minute confirming that council is eligible for Certificate of Exemption (only for councils with a	Yes		May 2020 Minute 5.

turnover of less than £25,000)

7.4	Annual Governance Statement, section 1 of Annual Return, approved by whole council	Yes	Recommend that this and the following item are given separate agenda/minute numbers to meet the requirements for the Annual Return with the Governance Statement always being considered first.	July 2020 Item 3.1
7.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council?	Yes	Recommend that this and the above item are given separate agenda/minute numbers to meet the requirements for the Annual Return with the Governance Statement always being considered first.	July 2020 Item 3.1
7.6	Are all sections of the Annual Governance & Accountability Return published on the website?	Yes but	Not in its entirety - the Accounting Statement seems to be missing.	
7.7	Did council correctly provide for the exercise of public rights?	Yes	Recommend that the dates for the period of exercise of public rights in 2021 are reported to council and minuted.	On website
7.8	Previous internal audit report reviewed by council and action taken where recommended?	No	Minimal information from previous Internal Auditor. Would recommend that in future Internal Auditors report considered by the Council and actions reported and minuted accordingly.	
7.9	Previous external audit report (for councils with turnover over £25,000) reviewed	N/A		

by council and
action taken where
recommended?

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		Published on website
8.2	Is the Council a Managing Trustee?	Yes		Cashbook seen Various minutes
8.3	Do trustees meet at least once a year and publish separate accounts?	Yes		Clerk reports that in normal circumstances Trustees meet every two months. Accounts not published. Income & Expenditure declared to Charities Commission.
8.4	Website Accessibility Statement on website home page?	No	This needs to be checked	
8.5	Did council formally appoint GAPTC as the Internal Auditor?	Yes	Minute appointing I.A. by name.(not GAPTC by name)	Meeting April 2021 – Item 5

8.6	Are registers up to date for council-owned burial grounds and purchase of Exclusive Rights of Burials certificate completed?	N/A
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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
9.2	Minutes initialled on each page and final page signed?	Yes & No		Some face-to-face meetings held between lockdowns and minutes signed and initialled. Between Jan and May 2021 signatures awaited.
9.3	List of members' interests held and published on the website?	No	Clerk reports these are held in a locked cupboard. Recommend that these are published on the website	
9.4	Agendas signed and displayed 3 clear days' prior to	Yes		Ideally they publish 7 days before

meeting?

9.5 Summons issued in Yes
proper format?

Agendas on website

Notes: The report from last year's Internal Auditor did not give this Council guidance as to what they should be doing in order to comply with the Transparency Code and to achieve best practice.

The Minutes are quite hard to read and to find information. A lot of the information is rather vague, e.g reference to the end of year accounts in April 2021.

I believe the Council needs to review all its systems in line with Transparency Code and how to put their minutes together.

There is no mention that they have taken out GPC or that they have fully understood what this is and they don't have a S137 column in their accounts.

Not a lot of transactions in 2020

This Council has also claimed VAT on purchases made by individual Councillors and claimed back under expenses. Council needs to be reminded that wherever possible invoices where VAT can be reclaimed should be made out to the Council, to avoid any later issues with HMRC. I appreciate that the amounts are small, but best they know this for future reference.

Risk management not really considered and policies for risks and reserves lacking.