

**Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.**

For the purpose of completing this report reference has been made to Appendix 9 of the Governance and Accountability for Local Councils (March 2014).

### **St Gorran Parish Council**

Following the previous Internal Audit Report, have recommendations highlighted been adopted?

No issues were found with the previous audit

Internal Control	Testing Identified
<b>Bookkeeping</b>	<b>Is the cashbook maintained and up-to-date?</b> – Yes <b>Is the cashbook regularly balanced?</b> – Yes
<b>Minutes NOT Supporting Accounting Activity</b>	No issues were found
<b>Risk Management</b>	<b>Internal supervision checks</b> – Yes <b>Any unusual financial activity?</b> – No <b>Is insurance cover appropriate and adequate?</b> – not tested <b>Are annual risk assessments minuted?</b> – not tested
<b>Budgetary Controls</b>	<b>Was an annual budget prepared in support of its precept?</b> – Yes <b>Are Budget Statements available for each ordinary meeting?</b> – Yes <b>Are there any significant variances?</b> – No
<b>Petty Cash Procedures</b>	Petty Cash not held
<b>Bank Reconciliation</b>	<b>Are these carried out regularly?</b> – Yes <b>Are there any unexplained balancing entries?</b> – No
<b>Payroll Controls</b>	<b>Do all employees have contracts of employment?</b> – Yes <b>Do salaries paid agree with those approved by council?</b> – Yes <b>Are other payments to employees reasonable and approved by the council?</b> – Yes <b>Have PAYE/NIC been properly operated by the council as an employer?</b> – not tested

<b>Assets Register</b>	<p><b>Does the asset register show the following:</b></p> <p><b>What the asset is</b> - Yes</p> <p><b>When it was obtained</b> – No</p> <p><b>Location</b> – No</p> <p><b>Original Value</b> – Yes</p> <p><b>Recent Valuation (dated)</b> – No</p> <p><b>Insured value</b> – No</p>
<b>Year-End Procedures</b>	<p><b>Are year-end accounts prepared as Income &amp; Expenditure?</b> – Yes</p> <p><b>Do accounts agree with the Cashbook?</b> – Yes</p> <p><b>Is there evidence of an audit trail throughout the year?</b> – Yes</p> <p><b>Where appropriate, have debtors and creditors been properly recorded?</b> – Yes</p> <p><b>Do the minutes show that Notification of the Completion of the Annual Return for the year-end has been clearly posted and recorded?</b> – Yes</p>
<b>Standing Orders &amp; Financial Regulations</b>	<p><b>Have these been formally adopted?</b> – Yes</p> <p><b>Has an RFO been appointed with specific duties</b> – Yes, the Clerk</p> <p><b>Have items or services above the de minimus amount been competitively purchased?</b> – not tested</p>

<b>Recommendations</b>	
Internal supervision checks	To protect the Clerk and the Councillors I would suggest that additional checks are carried out on a regular basis, to ensure that the council are following the procedures in place.
Asset Register	Update the register.
Risk Management	I suggest that you have a Risk Management policy in place which can be referred to as required. Are you aware of any potential risks that the council would have to answer to?
Grants	I suggest that you have a Grants policy in place which can be referred to as required. Remember, a member of the community could challenge the council at any time if they thought that you were gifting money inappropriately.
Loans	I suggest that you have a Lending policy in place which can be referred to as required. May I refer you to Arnold Baker 'Lending By Local Councils' to ensure that you are working within the Local Government (Miscellaneous Provisions) Act 1976, s 19.
Payroll Controls	When was the last time a councillor checked to see that the Clerk was paying herself the right amount of salary?
Minutes	<p>The term – 'In Committee' is not sufficient when the meeting is in a 'closed session'. The following must be used:</p> <p><b>Under section 1(2) of the Public Bodies (Admission to Meetings) Act 1960, it is proposed that because of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for agenda item X</b></p>

	<p><b>5<sup>th</sup> April</b> – item 11.0 – it stated that the role of Data Controller is delegated to the Clerk. My understanding is that the Councillors must be the Data Controllers – please check.</p> <p>3<sup>rd</sup> May – According to Arnold Baker the very first item on the agenda for the Annual Meeting of the Parish Council <b>MUST</b> be the appointment of the new chairman.</p> <p><b>5<sup>th</sup> July</b> – item 10.0 – it was resolved the Clerk could purchase a PAYG mobile, however it would appear that a monthly contract has been set up.</p> <p><b>4<sup>th</sup> October</b> – Cllrs Grose and White declared interests, however, when the agenda items were discussed there is no ‘confirmation’ that the Councillors left the room (which is a legal requirement unless dispensation has been granted). A situation could arise where a member of the community could challenge a decision if they felt that the Councillors, by being present, influenced the discussions and any voting.</p> <p><b>7<sup>th</sup> March</b> – Item 12 – the term AGM is not used, it is called the Annual Parish Meeting</p> <p><b>All minutes</b> – rather than using the word ‘Agreed’ may I suggest that you use the following as it demonstrates that a process has been followed: ‘It was proposed, seconded and <b>RESOLVED</b> to...’</p>
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May I take this opportunity to thank Lesley for her assistance in providing all documentation in a professional and timely manner, and answering all the queries I have raised.

**Your internal auditor is Robert Larter dipFA MLIBF Independent Financial Adviser**

Robert Larter

Date: 25<sup>th</sup> April 2019