

Borough Green Parish Council
INTERNAL AUDIT 2017-2018
AUDIT PLAN WITH COMMENTS / FINDINGS

Area	Item	Comments / Findings Interim Audit 4 December 2017	Comments / Findings Year-end Audit 25 April 2018
Previous Audits	<ul style="list-style-type: none"> • Date of last External Audit Certificate • Comments if any • Publication on website. • Date of last Internal Audit Comments if any • Review of any items outstanding from previous internal / external audit reports. 	<p>7 Sept 2017</p> <p>No comments</p> <p>Yes</p> <p>6 July 2017 considered by the Council on 7 August 2017 (Min 86)</p> <p>See covering report and comments below.</p>	<p>Considered by Council Min 203 – 5 Feb 2018, website maintenance</p>
Minutes	<ul style="list-style-type: none"> • Scan of the minutes of the Council's meetings and the Finance Committee. • Localism Act 2011 • General Power of Competence ? • Dispensations • S.40 LA&A Act 2014 filming/recording 	<p>Yes – April to 30 November 2016 Agendas and Minutes available on the Council's website, best found under Minute Archive, which includes previous years' minutes.</p> <p>NO</p> <p>YES, for the Budget/Precept discussions and prior to meetings as necessary</p> <p>Reference to filming & recording included on the agenda header.</p>	<p>Potters Mede Promotions a group to support BGPC in the future of the Potters Mede Grounds and Pavilion – Min 167v(e) 4 Dec 2017.</p>
Code of Conduct/ Acceptance of Office	<ul style="list-style-type: none"> • Date adopted • Any changes in elected/co-opted members since last Audit ? • DPI's complete • DPI's on website or weblink • New Governance Compliance 	<p>NALC Code adopted 2012(on the website)</p> <p>10 Cllrs listed on website, Cllr Dobson resigned March 2017 replaced by Mrs Jo Mathews Min 8 – 12 May 2017 (first meeting 12 June 2017), Mrs T Dawson resigned 3 July (Min 60) Anne Easthorpe co-opted Min 104 - 4 Sept (first meeting 2 Oct 2017), Cllr Hickmott resigned 4 Dec 2017.</p> <p>DPI's of current Cllrs linked to their details on website</p>	<p>Further changes include Mrs C Hurlll co-opted – 5 Feb 2018.</p>

<p>Standing Orders and Financial Regulations</p>	<ul style="list-style-type: none"> • Have they been formally adopted and applied? • Have any changes been made since they were adopted or the last audit? • Have any changes been formally adopted by the Council? • Updated re Procurement Regs 2015? • Two signature rule still in place? 	<p>SO's and Fin Regs were updated and approved by Council in October 2016. SO's amended in July 2017 requiring full public consultation before any disposal of any parish land asset. Updated SO's approved 2 Oct 2017 Min 131. SO & Fin Reg documents are on the Councils website, BUT there are several versions in different locations on the website, confusing, not obvious which is the latest version. See Covering Report</p> <p>Yes</p>	<p>NALC issued a new Model 2018 Standing Orders in April 2018. Suggest the Council compares the existing SO's against the new Model, which incorporates all the legislative and regulation changes since 2013, the year of the previous Model.</p>
<p>Risk Management</p>	<ul style="list-style-type: none"> • Risk Assessments – Are they: <ul style="list-style-type: none"> ○ Carried out regularly? ○ Adequate? ○ Reported in the minutes? • Insurance cover – is it: <ul style="list-style-type: none"> ○ Appropriate/Adequate? ○ LTA in place? ○ Reviewed regularly? ○ Fidelity Guarantee Cover £ (Balances + ½ Precept) • Internal controls – are they: <ul style="list-style-type: none"> ○ Documented? ○ Adequate? ○ Reviewed regularly? ○ Statement of Internal Control? • Systems and Procedures – are they: <ul style="list-style-type: none"> ○ Documented? ○ Adequate? ○ Followed? ○ Reviewed regularly? 	<p>Risk Assessments a standing item on the “agenda”. Major review of all working areas Cllr Dawson brought revised Assessments to 12 June 2017 Meeting (Min 37). Weekly inspection of all Council property carried out by the Groundsmen, play areas inspected by Commercial Services Ltd. Wicksteed carried out the annual inspection June 2017, findings reported Min 83 ii – 7 Aug 2017.</p> <p>LTA with Zurich Municipal – policies includes “motor insurance”, renewed for 3 years with an option to extend to 5 yrs – Min 62 – 3 July 2017</p> <p>£250,000 - adequate</p> <p>My audit testing gave assurance that internal controls were in place and working effectively. Financial Risk and Controls reviewed annually, Min 17(i) – 12 May 2017 SIC approved as part of the Annual Governance Statement approval process.</p> <p>Covered in the annual review of the Financial Risk document mentioned above. FOI registered until 12 Aug 2018</p>	<p>Accounting & Internal Risk Control procedures reviewed – Dec 2017</p> <p>Landscape Services (formerly Commercial Services) To carry out the monthly play inspections for 2018 – quote approved Min 186(vii) – 9 Jan 2018</p> <p>Updated Motor Policy to 11 July 2018 includes vehicles GV15JVW and RO18YJN</p> <p>Tree inspections for 2018-19 – awarded to Treeability</p> <p>Risk Assessments for all working areas, reviewed and approved Min 207 – 5 Feb 2018</p>

Budgetary Controls	<ul style="list-style-type: none"> • Is the annual budgeting process reported and approved by the Council? <ul style="list-style-type: none"> ○ Budget/Precept amounts minuted? • Is the actual performance against the budgets reported to the Council during the year <ul style="list-style-type: none"> ○ Compare with Fin Regs? • Are significant variances explained in sufficient detail? 	<p>Yes, the draft budget for 2018-19 will be discussed by the Finance Committee first and then brought to Council in January 2018.</p> <p>No Sect. 136 grant from TMBC for 2017-18 onwards, Precept for 2017-18 set at £165,125.</p> <p>Yes,</p>	<p>Finance Committee – 19 Dec 2017 considered the draft budget. Minutes from this Committee considered by full Council 9 Jan 2018 alongside the 7 month Budget outturn for 2017-18 and Draft Budget for 2018-19. Recommendations included revision of fees & charges for Recreation Ground and Potters Mede. Detailed Minute No 189 (v) resolved Precept figure for 2018-19 at £169,570 a 2.69% increase.</p>
<p>Section 137 expenditure</p> <p>£7.57 FOR 2017-18 (£7.42 FOR 2016-17)</p>	<ul style="list-style-type: none"> • What is the cash limit for the year? • Is a separate account/analysis kept? • Has the cash limit been exceeded? • Have the spending powers been properly used and Minuted? 	<p>Only used for donations to local charities</p>	
Book-keeping	<ul style="list-style-type: none"> • Cashbook - is it: <ul style="list-style-type: none"> ○ Fit for purpose? ○ Up to date? ○ Arithmetically correct? ○ Balanced regularly? 	<p>Manual Ledger and Excel spreadsheets</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Year-end figures checked, no errors or omissions found.</p>

Petty Cash	<ul style="list-style-type: none"> • Has the amount of petty cash float been agreed? • Are all petty cash entries recorded? • Are payments made from petty cash fully supported by receipts / VAT invoices? • Are petty cash reimbursements signed for? • Is petty cash reimbursement carried out regularly? • Is petty cash balance independently checked regularly? 	No petty cash held	
Payroll	<ul style="list-style-type: none"> • Who is on the payroll and are contracts of employment in place? • Who is the RFO? • Have there been any changes to the establishment during the year? • Have there been any changes to individual contracts during the year? • Have new appointments and changes to contracts been approved and minuted? • Do salaries paid agree with those approved by the Council? • Have any ad-hoc payments or benefits been appropriately approved? • Have PAYE/NIC requirements been properly applied and accounted for? • Payroll outsourced? • WORKPLACE PENSION IN PLACE? 	<p>Clerk (Mrs H Damiral and two Groundsmen (Mr Glew and Springett)</p> <p>Clerk</p> <p>No</p> <p>No</p> <p>Yes. Staff salaries reviewed as part of the annual budget discussions. National Increase for the Clerk for 2017-18 approved.</p> <p>Yes</p> <p>Yes – HMRC on-line arrangements audited</p> <p>No</p> <p>LGPS</p>	<p>2-year National pay award for the Clerk approved</p> <p>Increases for the two Groundsmen approved. Min 196 – 9 Jan 2018</p>

<p>Payments</p>	<ul style="list-style-type: none"> • Are all payments recorded and supported by appropriate documentation? • Are payments minuted? • Review of DD's and SO's ? • Has VAT been identified, recorded and reclaimed? • Are items above a de minimus amount purchased competitively? • Have internal control procedures been adhered to? • Contracts: <ul style="list-style-type: none"> ○ What contracts exist? ○ Compliance with SO's ○ Have any new contracts or contract variations/extensions been awarded in the year? ○ Procedures adopted for letting of contracts ○ Have contract payments been made in accordance with the contract document? 	<p>Based on tests carried out – Yes</p> <p>Payment schedule listed in Minutes</p> <p>Most payments are paid “on-line” and cheques</p> <p>VAT Claim for period 1 July 2016 to 30 June 2017 for £7,639.72 recd. Reported as part of the Sept 2017 Bank Rec figures (Min 147 – 6 Nov 2017)</p> <p>Based on tests carried out – Yes</p> <p>Based on tests carried out – Yes</p> <p>Landscape Services – Mowing & Pitch Mtce for 2017.</p> <p>Ford Lease – Ford Transit GV15JVW = £246pm</p> <p>Wex -local Esso garage for fuel account.</p> <p>CJS Plants Ltd – Hanging Baskets for Winter 2017/18 and Summer 2018</p> <p>Bowls Club Lease – Council to meet the legal cost of drawing up the new 35 year lease (various minute references Aug to Oct 2017)</p>	<p>Checks made via the vouchers, accounts ledger and bank statements, no errors or omissions found.</p> <p>VAT claim for 1 July 2017 to 31 March 2018 to be made = approx. £4,242</p>
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Receipts	<ul style="list-style-type: none"> • Are all receipts recorded correctly? • Are all receipts promptly banked? • Precept, CTSG and Sect 136 payments • Are internal controls of cash adequate? • Are invoicing arrangements adequate? 	<p>Recharge of groundsmen time re Skatepark Mtce, less BGPC 51% contribution.</p> <p>£165,125 Precept received in accordance with TMBC notifications.</p> <p>New 35 year lease to Borough Green Bowling Club – Min 234(ii) – 6 March 2017, remains outstanding at time of the Audit visit.</p>	<p>The terms of the new Lease have been agreed by both parties but is still with the “solicitors”. Not completed as at 31 March 2018.</p>
Bank reconciliation	<ul style="list-style-type: none"> • What current/deposit accounts exist? • FSCS aware and compliant? • Are bank reconciliations regularly carried out for each account? • Level of Balances to Precept ratio • Are the cheque counterfoils, paying-in books and bank statements adequately referenced? • When was the last review of the banking arrangements? • Internet Banking/Corporate Card ? • Signature review (Two signatures required?) • Any PWLB loans ? 	<p>NatWest Current a/c £100 NatWest Bus Res a/c (8811) £188,362 NatWest Bus Res a/c (9882) £667 Less unpaid cheques (£70) Total Balances 30 Sept 2017 = £189,059 includes 2nd instalment of precept.</p> <p>Reported at every meeting with list of major receipts.</p> <p>Regularly reviewed by the Finance Committee, aware of FSCS, to date no serious attempt to diversify funds to take advantage of the FSCS protection. BUT the local branch of NatWest has closed, perhaps time to look at other banks.</p> <p>Amount outstanding at 31 March 2017 = £65,128</p> <p>Loan nos. 502009 - £31,109 & 502483 - £34,019</p>	<p>Bank Account position as at 31 March 2018</p> <p>NatWest Current a/c £992 NatWest Bus Res a/c (8811) £127,314 NatWest Bus Res a/c (9882) £667 LESS unrepresented cheques (£7313) Net Bank Balances £121,659 as per Annual Return Accounting Statement BOX 8</p> <p>PWLB outstanding loan balances as at 31 Mar 2018</p> <p>£26,162 + £29,168 = £55,330 BOX 10</p>

Assets and Asset Register (AR)	<ul style="list-style-type: none"> • Are all the material assets owned by the Council recorded in an AR ? • Is the AR up to date? • Basis of Asset Values? • Are investments recorded? • • Are the valuations regularly reviewed? • Does the AR show the insurance values ? • Digital Photographic evidence? • Is there a separate Inventory List of low value items (e.g. below the insurance excess levels) ? 	<p>Yes – 31 March 2017 Asset Reg value = £664,444</p> <p>Not checked at this interim audit.</p> <p>n/a</p> <p>Photos of amenities on the website including the new War Memorial.</p> <p>No</p>	<p>Potters Mede purchases Min 204 (iii) – 5 Feb 2018 John Deere X590 Ride-on-tractor £5,783 John Deere PRO53MV Mower £1,000</p>
Year-end procedures Inc. Annual Return	<ul style="list-style-type: none"> • Does the Annual Return Statement of Accounts agree with the cashbook? • Is there an audit trail from the financial records to the accounts? • Have debtors and creditors been properly recorded? • Date of approval of Annual Return • Annual Return posted on website ? • New governance compliance regime - refer to new Practitioners' Guide 2017 	<p>Year end procedures to be checked at final audit</p> <p>12 May 2017 (Min 17 (ii)), Section 1 Annual Governance Statement 12 June 2017 (Min 38 (ii)), Section 2 Accounting Statements Sections 1, 2 & 3 posted under Misc Documents on BGPC Minutes 2017 webpage.</p>	<p>Accounting Statement checked against Ledger and Bank Reconciliation, ne errors or omissions found.</p>

<p>Additional tests – (as necessary)</p>	<ul style="list-style-type: none"> • Computer systems: <ul style="list-style-type: none"> ○ The procedures for the backing up of computerised records ○ Council owned PC/laptop ? • Record keeping and the arrangements in place to store previous year's accounts etc. • Annual review of the effectiveness of Internal Audit inc. Appointment of IIA • Annual Statement of Internal Control (SIC) • Website host and Webmaster • Website functionality/ up to date? • TRANSPARENCY CODE compliant ? • GDPR 	<p>The aging Council PC is backed up monthly via memory stick, with one copy held off-site in the Village Office.</p> <p>Worth considering automated Cloud storage?</p> <p>Yes</p> <p>Not covered at this interim audit</p> <p>Min 17 (i) – 12 May 2017</p> <p>Cllr Mike Taylor is the webmaster</p> <p>I previously commented on the “cluttered” look of the Home Page. The website needs to be reviewed and the content rationalised with old documents removed.</p>	<p>New Surface Pro laptop to be purchased (approved as part of the Budget 2018-19 - 9 Jan 2018) to enable the move to paperless data management.</p> <p>When the new computer system is set-up it will include automated “cloud” storage.</p> <p>To be tidied as per Minute 203 – 5 Feb 2018 under correspondence (1/2 year Internal Audit Report).</p> <p>See also Covering Report KALC guide issued to all Cllrs 14 Dec 2017. TMBC Cllrs to attend a GDPR Course and will report back to the Parish Council. KALC DPO guidance 9 Jan 2018 Min 227 – 5 March 2018 refers to the report back from the TMBC Course. TMBC Course has been postponed at the time of my visit.</p>
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