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INTERNAL AUDIT OF CROMHALL PARISH COUNCIL  
FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2020  
WHERE INCOME OR EXPENDITURE DID NOT EXCEED £25,000

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Undertaken by Jenny Howell, Clerk and Responsible Financial Officer to Farrington Gurney Parish Council

**INTERNAL AUDIT ON CROMHALL PARISH COUNCIL FOR THE YEAR ENDING 31<sup>st</sup> MARCH 2020**

<b>FINANCE</b>			<b>Comments</b>
Confirm that the Parish Council has adopted and recently reviewed Financial Regulations	<p><i>Check that there are a set of Financial Regulations (in addition to those in the Standing Orders).</i></p> <p><i>Check the date of their adoption and that there was a record made in the minutes</i></p> <p><i>Check that the most recent review date was within the current financial year</i></p>		Minute 05/2019.9b. Financial Regulations approved within the current financial year at the Annual Meeting of the Parish Council May 2019.
Check that the council's Financial Regulations are being routinely followed by tracking some sample payments You will be provided with all invoices, receipts, bank statements, cheque stubs, receipt books and petty cash (vouchers and reconciliation) in order to do this.	<p><i>Chose an appropriate number of sample payments made at different times throughout the financial year and track them from resolution in the minutes through to the payments being made</i></p>		<p>Sample payments tracked from resolution in the minutes through to the payments being made.</p> <p>The PC have a grant application and process in place. <a href="https://cromhallpc.org.uk/wp-content/uploads/sites/21/2020/02/Cromhall-grant-policy-2019.pdf">https://cromhallpc.org.uk/wp-content/uploads/sites/21/2020/02/Cromhall-grant-policy-2019.pdf</a> Financial Regulation 5.8 states: In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council. The PC has no committees.</p> <p><i>Recommendation: that the Financial Regulations are updated to reflect that grants are considered for approval by the full PC (not a duly authorised committee).</i></p>
All payments are recorded in the (bi)monthly financial statement, reported by the RFO & minuted	<p><i>Check the minutes</i></p> <p><i>Compare the bank statement against (bi)monthly financial statement to council</i></p>		All payments are listed in the minutes. Bank Statement against financial statement checked. No issues found.
All items of expenditure over £100 are listed on the councils website	<p><i>a. date the expenditure was incurred,</i></p> <p><i>b. summary of the purpose of the expenditure</i></p> <p><i>c. amount</i></p>	<b>Website</b> Transp. Code	Finances are published on a quarterly basis on the website (to include receipts and payments against the budget). This details all payments including those over £100. VAT to be reclaimed is listed as a total figure on each quarterly statement.

	<i>d. Value Added Tax that cannot be recovered.</i>		Date expenditure was incurred not reported on this report but cheques for signing are reported on the minutes which show date the payment was approved and power of spend (good practice).
Confirm that each payment has been signed by two councillors, who also initialled the cheque stub & that the cheque signing councillors also initial the invoice	<i>Adapt to the Local Councils own practices as detailed in their Financial Regulations e.g. electronic banking must have adequate controls comparable to the two-signature rule</i>		<p>As highlighted above, Tracked 4 sample payments: Cheque 001496 payment schedule initialled. Invoice initialled. <b>No initial on cheque stub.</b> Cheque 001499 payment schedule initialled. Invoice initialled. <b>No initial on cheque stub.</b> Cheque 001546 payment schedule initialled. Invoice initialled. <b>No initial on cheque stub.</b> Cheque 001522 payment schedule initialled. Invoice initialled. <b>No initial on cheque stub.</b></p> <p>Financial Regulation 6.5 states: To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.</p> <p><i>Recommendation: in line with Financial Regulation 6.5 Cllrs should be reminded that when signing cheques that they also initial the cheque stub.</i></p>
Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit	<i>You will need to check the number of the electors in the parish and times this figure by the annual financial limit - <b>2019-20 is £8.12 per elector</b></i>		<p>Report of S137 payments supplied and totalled £1,800.00. There were 604 electors at 1 April 2019.</p> <p>Items of S137 spend are not reported on the quarterly financial reports published on the website but a separate column to identify S137 spend could easily be added.</p> <p>Powers of spend are listed on the minutes – good practice. Minutes also record that the Council in accordance with its powers under section 137 and 139 of the Local Government Act 1972, should incur the following expenditure which, in the opinion of the Council, is in the interests of the area of its inhabitants and will benefit them in a manner commensurate with expenditure detailed. (Good practice).</p>

			<i>It can be helpful to note the total electors (confirmed 604 as at 04/19) to ensure spending is within limits and show the public that this has been considered.</i>
Confirm that quarterly checks of the accounts are made by a councillor not on the finance committee / group	<i>Check the minutes to ensure this was recorded and reported / minuted at a council meeting</i>		The PC conduct monthly bank reconciliations and the Clerk has advised invoices cheque books and accounts are available on a quarterly basis.  <i>Consider detailing quarterly checks on a quarterly basis in the minutes.</i>
Check the statement of accounts according to the format included in the Annual Return form. Check that the statement of accounts was approved and signed by the Responsible Financial Officer and the Chairman of the meeting approving the statement of accounts.	<i>The statement of accounts should be accompanied by: a) a copy of the bank reconciliation for the relevant financial year, b) an explanation of any significant variances (e.g. more than 10-15 percent, in line with proper practices) in the statement of accounts for the relevant year and previous year c) an explanation of any differences between 'balances carried forward' and 'total cash and short-term investments', if applicable.</i>	<b>Website</b> Transp. Code	AGAR and minutes: 05/2019.9e Annual Governance Statement approved 05/2009.9f. Internal Audit and Accounting Statement approved. 05/2019.9g. Certificate of Exemption approved. Period of public rights published from 17 <sup>th</sup> June 2019 – 26 July 2019. All in line with requirements. AGAR checks: 2018-19 AGAR published on website with certificate of exemption, bank reconciliation which matches the AGAR and explanation of variances. Complies with transparency code requirements.

Check the Annual Governance Statement	<i>According to the format included in the Annual Return</i>	<b>Website</b> Transp. Code	Check completed – no issues.
Review the Assets Register and insurance policies, confirm renewal has taken place (i.e. paid) & make a note of each coverage limit	<ul style="list-style-type: none"> <li>• <i>Public liability</i></li> <li>• <i>Employers liability</i></li> <li>• <i>Council assets</i></li> <li>• <i>Fidelity Guarantee Insurance (To cover employee dishonesty)</i></li> </ul>		<p>Asset Register published on website. Last updated July 2019 and approved by council 10/07/19.</p> <p>Renewal of PC insurance took place.</p> <p><i>Public liability - £10,000,000</i></p> <p><i>Employers liability - £10,000,000</i></p> <p><i>Council assets</i></p> <p><i>Fidelity Guarantee Insurance (To cover employee dishonesty) £150,000.</i></p> <p>Expires: 31 May 2020.</p>
Check the details of public land and building assets	<p><i>a) description (what it is, including size/acreage),</i></p> <p><i>b) location (address or description of location),</i></p> <p><i>c) owner/custodian, e.g. the authority or board manages the land or asset on behalf of a local charity,</i></p> <p><i>d) date of acquisition (if known),</i></p> <p><i>e) cost of acquisition (or proxy value), and</i></p> <p><i>f) present use.</i></p>	<b>Website</b> Transp. Code	Listed on Asset Register Includes description, location and size / acreage, cost and owner.
<b>PROCESSES</b>			
Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months	<i>Check the date of adoption. Also that the last review date is within the past year and recorded in the minutes</i>		Minute 05/2019.9a Standing Orders approved within the current financial year at the Annual Meeting of the Parish Council May 2019.
Check the draft minutes of the last meeting(s) are on the council's website Check that the minutes of previous meetings are the approved version and that the draft copies have been removed		<b>Website</b> Transp. Code	<p>Confirmed. March 2020 minutes are in draft form on the website and state 'draft minutes may be subject to change until approval at next meeting'. (Good practice).</p> <p>March 2020 draft minutes show that the February 2020 minutes have been approved however the draft minutes for the February 2020 meeting have not yet been replaced. Minutes of all previous</p>

			meetings are the approved versions and draft copies removed.  <i>Action: Replace February 2020 draft minutes with approved version.</i>
Check that agendas for meetings are published monthly and giving 3 clear days notice	<i>The agenda currently on the website may be for a past date - as long as it is not more than a week older than when the last meeting took place, it still demonstrates routine posting</i>	<b>Website</b> Transp. Code	Agendas are published well in advance of the 3 days clear notice period required.
Confirm that the Parish Council is compliant with the Data Protection Act 1998 and that plans are being put in place to comply with GDPR 2018	<i>Check that there is a policy document and resolution to comply recorded in minutes</i>		Data Protection Policy adopted 11 July 2018. There has been no formal review of GDPR.  <i>Action: That the PC review and confirm compliance with the GDPR 2018 on an annual basis.</i>
Confirm that the Parish Council is compliant with the Freedom of Information Act 2000	<i>Check resolution to comply recorded in minutes</i> <i>Check the log of FOIs received and date responded to within the deadline</i>		FOI last reported to council 04/2019. 6a.  <i>Recommendation: Report FOI Requests for 2019/20 at the next meeting.</i>
Review the Risk Assessment and Management Scheme	<i>Check the last review date is within the past year and recorded in the minutes</i>		Risk Assessment approved at the Annual Meeting of the Parish Council May 2019 – minute reference 05/2019.9d. The Risk Assessment and Risk Management Scheme are supplied on the Parish Council website. <a href="https://cromhallpc.org.uk/policies/">https://cromhallpc.org.uk/policies/</a>
Confirm that regular backups of electronic records are made monthly and an archive copy kept in a second remote location i.e. Cloud, external hard drive and /or that duplicate hard copies of records are kept at an additional remote location.	<i>Website and email passwords in a sealed envelope and retained by the Chairman is recommended and or "The Chairman's Box" containing duplicate copies of the councils key documents and deeds.</i>		Back up is external hard drive computer password protected.  PC to ensure regularly back up and external hard drive ideally stored off site.
Confirm the Publication Scheme		<b>Website</b>	Publication Scheme adopted 04/2019. 6d. according to minutes but not published on the policies page of the website.  <i>Recommendation: That the PC publish the Publication Scheme on the website.</i>

<b>COUNCILLORS</b>			
Check the publication of councillor's contact details	<i>Full home addresses are not compulsory but councillors must be available to be contacted directly by the public by email and/or phone Separate council email addresses are preferable to personal email addresses</i>	<b>Website</b> Transp. Code	Details and contact information published on the Parish Council website. <a href="https://cromhallpc.org.uk/council-members/">https://cromhallpc.org.uk/council-members/</a>
Check that positions that councillors hold on the council are published	<i>i.e. Chairman, Vice Chairman etc.,</i>	<b>Website</b> Transp. Code	Chairman and Vice Chairman positions noted on the website.
Check the register of member's interests / Declaration of Interest forms	<i>Confirm that the register of member's interests has been reviewed within the last 12 months and the Principle Authority informed of any amendments</i>	<b>Website &amp; UA website</b> Transp.Code	All present and correct.
Check that representation on external local public bodies (if nominated to represent the council) of each councillor is published.		<b>Website</b> Transp. Code	N/A
<b>EMPLOYEES</b>			
Check that the Clerk and Responsible Financial Officer have signed contracts of employment	<i>The RFO may also be the Clerk. The Clerk must be on PAYE and cannot be self-employed i.e. invoicing the council for service provided.</i>		Signed contract is in place for the Clerk.
Check that all employees have contracts of employment.			There are no other employees.
<i>Check the contracts of employment and PAYE records</i>	Confirm that all employees are being paid at correct rate (in accordance with contracts/national living wage/timesheets), with all tax and NI compliance.		Contract of employment and PAYE records checked - in line with contract and rate correct.
<i>Check that the council has a pension provider. Check whether employees are eligible or entitled to join the pension scheme or whether they have opted out of the scheme</i>	Check the council's pension arrangements and that contributions are made in accordance with auto enrolment or contractual obligations		Below earnings threshold for automatic enrolment.
Ensure that pay rises (if any) are agreed and minuted at the relevant meeting	<i>Check the contracts of employment to ascertain whether JNC recommended pay rises are offered. Even if they are, as pay rises are an additional disbursement from public funds they should be agreed at a council meeting and minuted.</i>	Check the minutes	Minutes 13/02/19 02/2019. No 10. Confidential agenda item. Resolved to raise grade to new SCP grade 10 with effect from 1 <sup>st</sup> April 2019.

## **Conclusion of Internal Audit on Cromhall Parish Council.**

Acting Independently. I have carried out an Internal Audit of the policies and practices of Cromhall Parish Council. In order to enable positive response by the relevant assertion in Section 2 of the Annual Return for the year ending 31<sup>st</sup> March 2020.

I have carried out the checks detailed in this report, in order to provide assurance that the Parish Council's systems of internal control, assessment of risk and financial management and accounting are in place and that they are adequate in protecting the use of public money.

Name: Jenny Howell (Clerk & RFO for Farrington Gurney Parish Council)

A handwritten signature in black ink, appearing to read 'Howell', written in a cursive style.

Signed:

Date: 07/05/2020