

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

Area	Item	Comments / Findings REMOTELY Interim Audit 6-7 November 2017	Comments / Findings Final Audit 8 May 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>28 July 2017</p> <p>No comments</p> <p>Yes</p> <p>4 July 2017, considered by Council Min 15 –18 Sept</p> <p>No comments to follow up. Usually published on the website, but 2016-17 Audit Reports not on the website.</p>	<p>Considered 19 March 2018 (Min 1006)</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 31 October 2017. Archived Minutes back to June 2014 available on the website. An agenda template is available on the Council's website. See covering report.</p> <p>NO</p> <p>YES, for the Budget/Precept discussions and prior to meetings as necessary</p> <p>The Chairman of the meetings will advise all those attending the meeting before it commences</p>	<p>Min 593 – 20 Nov 2017, Clerk has drawn up a checklist for each Councillor to inspect their "patches" every two months.</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 reviewed and adopted Sept. 2015</p> <p>No changes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>No changes</p> <p>Election in May 2019</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>Both documents have been reviewed and updated – 23 May 2017 and are on the website.</p> <p>Yes</p> <p>YesP</p>	<p>Post Audit Note: Standing Orders updated with NALC 2018 Model – 18 June 2018 Financial Regulations updated 16 July 2018</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>Review of Risk Assessments – Annual Meeting 23 May 2017, BUT it does NOT reflect the introduction of Internet Banking. Requires updating.</p> <p>Childrens Play Park, visual inspections by Gravesham BC weekly, but there would only be a quarterly inspection report issued. The Clerk has arranged for a weekly e-mail to confirm the inspection had taken place.</p> <p>New 3-yr LTA with Inspire (AXA) via Came & Co, from 16 Nov 2017. Min 475 – 16 Oct 2017 £250,000</p> <p>ICO renewed to 4 July 2018</p>	<p>Annual RoSPA inspection undertaken in Nov 2017, Min 700 – 11 Dec 2017. No urgent issues raised.</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>2016-17 Summary Accounts are not on the website.</p> <p>2017-18 Precept - £97,406 & Budget - £112,381</p> <p>Finance Working Party due to meet to discuss the first draft of the Budget for 2017-18.</p>	<p>Budget Monitoring to 30 Sept 2017 – Min 586 - 20 Nov 2017</p> <p>Precept 2018-19 approved Min 708 – 11 Dec 2017</p> <p>Precept - £98,840 an increase of 1.62%</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>Normally only used for annual poppy appeal donation and local charities if applicable.</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>Excel spreadsheets</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>No change</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</p> <p>Clerk</p> <p>No</p> <p>The Council should consider holding an annual appraisal with the Clerk.</p> <p>Yes. Following change of bank to Unity Trust Bank, payment is to made via the internet payments on 28th of each month (Min 16 – 20 Feb 2017).</p> <p>Yes</p> <p>Yes</p> <p>Payroll used to be managed by Cllr Banks using the HMRC on-line system. Approval to out-source to J&F Accountancy Ltd (Min 21 – 19 Sept 2016) from Oct 2016.</p> <p>Council approved NEST as the pension provider with an initial 3% contribution rising to 5% in 2 years</p>	<p>No changes</p> <p>NEST contributions increased from 6 April 2018 Employer 2% and Employee 3%</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>Not checked, audit done remotely.</p> <p>Schedule of payments listed in the Minutes, BUT incomplete – See covering report. Eg TalkTalk Business, Paul Agley, GBC</p> <p>VAT claim for 2016-17 = £549, claim made on 4 April 2017, receipt reported 17 June 2017</p> <p>New CCTV – Quotes sought from QTec, Fire Action & Sunstone. Fire Action selected following review by the CCTV Working Party GBC – Paladin Bin charge</p> <p>J&F Accountancy providing payroll services, quite expensive for a single employee arrangement.</p>	<p>Random check on the payment arrangements has been carried out and no errors found.</p> <p>Also includes J&F Accountancy for payroll services</p> <p>VAT claim for 2017-18 = £9,054, claim made on 24 April 2018</p> <p>Vigo Hall rent rising by 1.5% from 1 April 2018 Cherish Tree Services Print Clarity – Vigo Journal Highview Services Contract (SO made payable to Paul Agley)</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>Not checked, audit done remotely. Not checked, audit done remotely.</p> <p>Precept - £96,646 + £760 grant paid in full 1 April 2017</p> <p>Not checked, audit done remotely.</p>	<p>Random check on the receipt arrangements has been carried out and no errors found. £2,000 grant from Tesco Green Token Funding scheme (Min 590 – 20 Nov 2017) £9,964 grant towards play park from Awards for All (Min 601 – 20 Nov 2017)</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 ? 	<table border="0"> <tr> <td>Co-op Instant Plus a/c</td> <td style="text-align: right;">£10.03</td> </tr> <tr> <td>Co-op Community Direct a/c</td> <td style="text-align: right;">£9,002.82</td> </tr> <tr> <td>Unity Trust Bank a/c</td> <td style="text-align: right;">£87,659.20</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">£96,672.05</td> </tr> </table> <p>Audit conducted remotely. This will be checked during the year-end audit.</p> <p>New Account opened in Feb 2017 (Approved Min 16 – 2 Feb 2017)</p> <p>Internet Banking with Unity Trust Bank</p> <p>Yes, rotation of signatories recommended</p> <p>None, although considering a loan for new Play Ground equipment.</p>	Co-op Instant Plus a/c	£10.03	Co-op Community Direct a/c	£9,002.82	Unity Trust Bank a/c	£87,659.20	TOTAL	£96,672.05	<table border="0"> <tr> <td>Co-op Instant Plus a/c</td> <td style="text-align: right;">£10.03</td> </tr> <tr> <td>Co-op Community Direct a/c</td> <td style="text-align: right;">£9,838.07</td> </tr> <tr> <td>Unity Trust Bank a/c</td> <td style="text-align: right;">£4,370.88</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">£14 218.98</td> </tr> </table> <p>Very Low level of cash reserves – see attached Report</p> <p>Internet banking arrangements are working well.</p> <p>£10,000 loan sought – Min 14b – 18 Jan 2018, Min 906 – 19 Feb 2018 agreed £10,000 loan for 5 years on an EIP basis.</p>	Co-op Instant Plus a/c	£10.03	Co-op Community Direct a/c	£9,838.07	Unity Trust Bank a/c	£4,370.88	TOTAL	£14 218.98
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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>To be checked as part of the Year-end Audit.</p> <p>Proposals for an extension of the existing Play Park Min 21/493 – 16 Oct 2017</p>	<p>3 Quotes were sought for the Play Park extension, BUT the Contract Finders Website was NOT used to attract quotes. This Website MUST be used for all contracts with a total value of over £25,000. This includes say a 3-year contract averaging £10k cost per annum = £30k total, hence subject to these tendering rules.</p> <p>Significant increase in asset value inc. Play Park equipt.- £40,483 CCTV - £9,640 5 benches - £1,458</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>10 April 2017 Min 1170 & 1171, unusually completed prior to Internal Audit visit. Incorrect procedures followed, BUT the Council was not picked up on this by PKF Littlejohn. See covering report. Posted on website.</p>	<p>Draft figures on the Annual Accounting Statements were checked against the expenditure & income reports and bank reconciliation.</p> <p>The AGAR for 2017-18 is NOT on the Councils website under the Finance Page. I could not find it elsewhere. The Council has therefore NOT complied with the procedures for publishing the AGAR and notification of the inspection period and public rights! This years AGAR includes the website address to enable the external auditors to check compliance.</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 • Website host and Webmaster • Website functionality/ up to date? • TRANSPARENCY CODE compliant ? • GDPR compliance 	<p>Audit conducted remotely, but Clerk advised that files & e-mails are backed up monthly on flash-drives with one held off-site and another in a lockable fire-proof safe (keyholders Clerk & Chairman) This will be checked during the year-end audit.</p> <p>Not covered at this interim audit</p> <p>Not covered at this interim audit</p> <p>Website host is Heart Internet</p> <p>Cllr Pat Banks is the webmaster</p> <p>Yes</p> <p>No</p>	<p>The website is not being kept up to date. No AGAR for 2017-18.</p> <p>Clerk also advised that the information on the Neighbourhood Development Plan contained on a separate website would not be transferred to the Council's website.</p> <p>The Clerk and Cllr Banks attended a GDPR presentation by SATSWANA with other Gravesham Parishes on 4 May. Policies Working Party to be convened to consider GDPR compliance.</p> <p>See covering report on progress regarding compliance with GDPR</p>
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