



STONEHOUSE PARISH/TOWN COUNCIL
Internal auditor's report for the year ended 31 March 2022
Name of Auditor: Mary Leonard

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.

NOTE The auditor will complete the Annual Internal Audit Report (AIAR) page on the Annual Governance & Accountability Return (AGAR). The AIAR informs the Annual Governance Statement (AGS) assertions on the AGAR, so when council reviews the AGS, the responses must reflect the AIAR report.

1. Council 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?	Y		Dated 11/04/2022 to be reviewed April 23 NALC model July 19 amended 2020

	b) reviewed using the most recent version? c) minuted?	Y	Annual Governance Statement Assertion 1	Sept 2021 TC2674
1.2	Have Financial Regulations been a) tailored to council? b) reviewed using the most recent version? c) minuted? (Objective B)	Y Y Y	Annual Governance Statement Assertion 1	Viewed online. Nalc model 2019 amended 2020 adopted 16/03/2020 Minute TC 2374. Minute viewed Next review 11 April 2022 Minute TC 2792 Minute viewed online
1.3	Does the council a) give grants? b) have a grant-awarding policy?	Y Y		Viewed policy online reviewed Feb 21 minute TC2558 Viewed online
1.4	Have items/ services been competitively purchased in accordance with Financial and/or Procurement Regulations?	Y	Annual Governance Statement Assertion 2 & 3	Ground Maintenance Feb 22 TC2753 Health and Safety Contract Jan TC2737
1.5	Code of conduct reviewed in the last 2/3 years?	Y	Recommend in the year of election that the council reviews the Code of Conduct. Annual Governance Statement Assertion 3	Reviewed and adopted February 2021. Minute TC2558. However, following an election in May 21 this council has not formally adopted the Code of Conduct

2. Finance

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), if Council qualifies?	Y	Annual Governance Statement Assertion 3	June 2021 Minute TC2640
2.2	S137 a) is there a separate account for payments? b) are totals within statutory limits? (for Council's that do not held General Power of Competence)	N/A	Annual Governance Statement Assertion 1 & 3	
2.3	Is there an annual council authorisation of Direct Debit list and Standing Orders? (Objective B)	Y	Annual Governance Statement Assertion 1	Annual subscriptions approved March 21 TC2584 February 2022 TC258
2.4	Was Petty Cash expenditure approved, if any? (Objective F)	N/A	Annual Governance Statement Assertion 1	Petty cashed discontinued April 21 minute TC2582

2.5	Is all expenditure supported by VAT invoices, if applicable? (Objective B)	Y	Annual Governance Statement Assertion 1	Viewed online 23/05/22
2.6	VAT – a) recorded in accounts b) reclaimed? (Objective B)	Y Y	Annual Governance Statement Assertion 1	Viewed accounting reports 7 th April 2022

3. Risk management

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
3.1	Insurance policy a) in place? b) cover reviewed to ensure still fit for purpose? (Objective C)	Y Y	Annual Governance Statement Assertion 5	Renewed June 21 Minute May 2021 TC2624
3.2	Copy of Risk Management policy a) adopted? b) reviewed annually by Council? (Objective C)	Y N	Recommend that the policy is annually reviewed to ensure that it is still fit for purpose Annual Governance Statement Assertion 5	Reviewed November 2021 TC2708. Next review 2023
3.3	Asset register a) reviewed regularly? (Objective H)	Y but	I recommend that the council review the asset register annually, prior to insurance review, and in line with council's adopted Financial Regs 14.6.	March 2021 Business Committee minute B205 Website, under Transparency Information

	b) published on website? (Objective L)	Y	Annual Governance Statement Assertion 5	
3.4	Evidence that assets a) have been inspected for risk? b) reported in minutes? c) any actions undertaken? (Objective C)	N N N	I recommend that the council amend the Risk Policy and include a regular review of its assets. I recommend that the council carry out a regular review of the Asset Register and provide a minute as evidence that this has taken place. Annual Governance Statement Assertion 5	No minutes available to demonstrate that the assets have been reviewed. There is an adopted Risk Policy but no mention of a review of assets.
3.5	Evidence that internal controls a) take place? b) are documented? c) minuted? as per Council's Financial Regulations/Standing Orders (Objective B)	Y Y Y	Annual Governance Statement Assertion 2	Minute March 21 TC2580 Internal Audit panel agreed May 2021 TC 2625 Viewed reports online Internal controls take place quarterly 7th November minute TC2708 reviewed and noted Q1 and Q2
3.6	Bank reconciliations are on agenda to be considered by Council? (Objective I)	Y	Annual Governance Statement Assertion 1	Viewed February 2022 minute TC747
3.7	Review of a) investments? b) bank mandates (signatories on bank accounts)? (Objective B/C)	Y Y	Annual Governance Statement Assertion 1	December 2021 TC2720 B/322 investment strategy agreed Bank mandates reviewed May 2021 minute TC 2622

3.8	If bank cards in use, are proper procedures in place? (Objective B)	Y	Annual Governance Statement Assertion 1	Clerk advised a Debit Card only used in emergency situations with most transactions being online
3.9	Are a) physical records secure? b) electronic records backed up?	Y Y	Annual Governance Statement Assertion 5	Currently in the Town Hall but will over the next few months be scanned and placed on the cloud which is backed up. When completed, the hard copy documents will be stored at Glos Archives

4. Budgetary controls

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
4.1	Was a budget properly for the year under review a) prepared? b) adopted? c) minuted? (Objective D)	Y Y Y	I would recommend that the minute reflects the adoption of the whole budget, not just the separate committee budgets Annual Governance Statement Assertion 1	TC2541 - 25 th Jan 21 – the minutes make reference to the two committees that make up the total budget for the council.
4.2	Were the earmarked objectives of the reserves identified, if any? (Objective D)	Y	I recommend that the amount of the general reserve and the earmarked reserve is detailed in the minutes for transparency so that it is clear what figure council has noted. Annual Governance Statement Assertion 1	TC March 2022 TC2767 deferred the item TC March 21 TC2579 Approved reserves but no details in minutes. Council has this as an agenda item for April 22

4.3	Was the precept demand for the year under review properly minuted in full council?	Y		Business committee agreed precept January 2021 BC B/169 Full council resolved January 21 TC2542
4.4	Did the council a) regularly compare budget vs spend (as detailed in the financial regulations) b) and evidenced in the minutes? (Objective D)	Y Y	Annual Governance Statement Assertion 1	June minute TC2641 February Minute TC747
4.5	Are any significant variances from budget reported?	Y	Annual Governance Statement Assertion 2	Budget comparisons presented to council and attached to the minutes

5. Payroll

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
5.1	Do all staff have a contract of employment?	Y	Annual Governance Statement Assertion 3	Links to contracts sent to Auditor to view
5.2	Do salaries paid agree with those approved by Council? (Objective G)	Y	Annual Governance Statement Assertion 1	Viewed Jane Bailey and John Crosby contract and payslip. Pay reviewed online with contract.

5.3	<p>Has Council</p> <p>a) registered as an employer with HMRC?</p> <p>b) have PAYE / NIC been properly dealt with (including year-end procedures)?</p> <p>(Objective G)</p>	<p>Y</p> <p>Y</p>		<p>Payroll outsourced to PATA payroll. End of year completed by them. P35 sent by clerk 23/05/22</p>
5.4	<p>Are Councillor's allowances and expenses properly authorised & controlled, if any?</p>	<p>Y</p>	<p>Recommend that a procedure for paying expenditure to councillors is put in place, especially where no council decision taken on an amount. I recommend that the Clerk highlights the details at the time of approval of the payment schedule as authorised by Clerk in line with Financial Regulation 4.1</p>	<p>Councillors claim expenses for expenditure incurred. Invoices are produced and kept on the system.</p>
5.5	<p>Pension provision – eligible employees</p> <p>a) offered pension scheme?</p> <p>b) outcome minuted?</p>	<p>Y</p> <p>N/A</p>	<p>Annual Governance Statement Assertion 3</p>	<p>Reviewed Payslips March 2022</p> <p>Mr P Crosby not in pension scheme; he will be offered it following successful completion of his probationary period.</p>
5.6	<p>Is Council</p> <p>a) registered with the Pension Regulator for auto-enrolment pensions?</p> <p>b) Has auto-enrolment registration with Pension Regulator</p>	<p>Y</p> <p>N/A</p>		<p>Re-registration is in September 22</p>

	been reviewed (required every 3 years)		Annual Governance Statement Assertion 3	
--	--	--	---	--

6. Year-end procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
6.1	Are debtors and creditors recorded properly on separate balance sheet if using Income & Expenditure reporting? (Objective J)	Y	Annual Governance Statement Assertion 1	Viewed March reconciliation and balance sheet
6.2	Does Council as a whole consider the year-end accounts in addition to 6.5? (Objective J)	Y	Annual Governance Statement Assertion 1	Minute June 2021 TC 2643
6.3	Minute confirming that council is eligible for Certificate of Exemption (only for councils with a	N/A		

	turnover of less than £25,000) (Objective K)		Annual Governance Statement Assertion 1	
6.4	Annual Governance Statement, section 1 of Annual Return, approved by whole council (with separate minute number from Section 2 below)?	Yes but	There must be a separate minute number from the Accounting Statements	Minute June 2021 TC 2643
6.5	Annual Statement of Accounts, section 2 of Annual Return, approved by whole council (with separate minute number from Section 1 above)?	Yes but	There must be a separate minute number from the Annual Governance Statement Annual Governance Statement Assertion 3	Minute June 2021 TC 2643
6.6	Are all sections of the Annual Governance & Accountability Return published on the website? (Objective L/N)	Y	Annual Governance Statement Assertion 3	Viewed online 18/04/2022
6.7	Did council correctly provide for the exercise of public rights? (Objective M)	Y	Recommend that the dates for the period of exercise of public rights are also reported to council and minuted. Recommend that the correct form is uploaded to the website Annual Governance Statement Assertion 4	Viewed online. Dates are correct but the wrong form has been used

6.8	Previous internal audit report reviewed by council and action taken where recommended?	Y	Annual Governance Statement Assertion 7	Sept 21 TC2673 this relates to the external audit. Business Committee on 1 st June B/244.
6.9	Previous external audit report (for councils with turnover over £25,000) reviewed by council and action taken where recommended?	Y	Annual Governance Statement Assertion 7	September 20/21 TC2673

7. Other matters

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments/recommendations	Evidence
7.1	Policies in place for compliance with GDPR, such as Data Protection Policy for Staff & Councillors and for the public?	Y	Annual Governance Statement Assertion 3	Reviewed April 2021 Minute TC TC2956 Transparency Code and Publication scheme reviewed March 2022
7.2	Is the Council a Managing Trustee?	Y	Annual Governance Statement Assertion 9	The Doverow Trust Last meeting February 2021
7.3	Do trustees meet at least once a year	N	Advise that the Trustees should meet at least annually. However due to Covid restrictions accept that this was difficult to achieve	No meeting in the year 2021/22. Separate accounts

	and publish separate accounts? (Objective O)		Annual Governance Statement Assertion 9	
7.4	Website Accessibility Statement on website home page?	Y	Annual Governance Statement Assertion 3	Viewed online 18/04/2022
7.5	Did council formally appoint GAPTC as the Internal Auditor?	Y	Recommend that Council confirms that the Internal Auditor is competent and independent of Council when appointing them Annual Governance Statement Assertion 6	September 2021 TC2671
7.6	Are registers up to date for council-owned burial grounds (if any) and purchase of Exclusive Rights of Burials certificate completed?	N/A	Annual Governance Statement Assertion 3	

8. Procedures

Ref	Test	Meets reqmts? Yes, No or N/A	Internal Auditor's comments	Evidence
8.1	Minutes: a) DPLs or other interests recorded? b) published on website in draft form within one	Y Y	Recommend that if a councillor declares an interest that the minutes reflect the actions and state if the councillor left the room or not.	Viewed online 18/04/2022 Item on December agenda TC2714 To receive Declarations of Interest There was a declaration of interest in relation to Agenda Item TC2719 by Cllr Pam Swain. TC2719 was

	month (mandatory for councillors with a turnover of less than £25,000)? (Objective L) c) initialled on each page and final page signed?	Y	I recommend that a clear expenses procedure is put in place and that the Clerk highlights to council when he is authorising a payment in accordance with Financial regs 4.1 Annual Governance Statement Assertion 3	the authorization of payments. This would then be a pecuniary Interest and the minutes should reflect this. Cllr Swain declared an interest in the payments and should have left the room as this is a DPI. There was also no original council authorisation for the spend by the councillor although a budget had been set for the event.
8.2	List of members' a) responsibilities (Objective L) and b) interests held and published on the website?	Y Y	Annual Governance Statement Assertion 3	Viewed online 18/04/2022
8.3	Agendas signed and displayed on website/noticeboards 3 clear days' prior to meeting? (Objective L)	Y	Annual Governance Statement Assertion 3	Viewed April agenda online 18/04/2022
8.4	Summons issued in proper format?	Y	Annual Governance Statement Assertion 3	Viewed April agenda online 18/04/2022

Recommendations

Good controls in evidence. I have the following recommendations:

1. The Asset Register appears to have been missed this year as no minutes for evidence of a review. Recommend that the Asset Register is reviewed by council at the time of the insurance review and at year end ahead of completing the AGAR.

2. Recommend that if a Councillor declares a DPI into the payment schedule that they should leave the room in line with the Code of Conduct when the schedule is approved by council and the minute should reflect the action taken eg Councillor XX left the room and took no part in the vote.
3. Recommend that the Code of Conduct is reviewed by this council elected in May 21.
4. Recommend that there needs to be an original authorisation of all financial decisions however small. This could be highlighted by the clerk at the time of the review by council of the payment schedule as authorised by the clerk in line with Financial Regs 4.1.
5. I recommend that the council put in place an expenses policy for councillors to help with recommendation 4.
6. Recommend that the Risk Policy is reviewed annually to ensure that it is still inline with current risks and fit for purpose.