

Internal Audit

OAKHAM Town Council

Year Ending 31 March

2017

Internal Auditor: Richard Willcocks

Summary Checklist Report

This internal audit report is based upon the National Association of Local Councils (NALC) recommended checklist, introduced in 2016, in conjunction with the Practitioners' Guide to Governance and Accountability in Local Authorities.

Year Ending: 31 March 2017

BASIS OF REPORT

This internal audit report is based upon the National Association of Local Councils (NALC) recommended check-list, introduced in 2016, in conjunction with the Practitioners' Guide to Governance and Accountability in Local Authorities.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined in paragraph 1 above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

NB: It would be incorrect to view internal audit as the detailed inspection of all records and transactions of the council in order to detect error or fraud. It is the periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and councilors and not left for internal audit. (Source: Governance and Accountability for Local Councils-A Practitioners' Guide-2014).

Internal Audit Summary Checklist Report for OAKHAM Town Council

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Name of Council	Oakham Town Council	Name of Clerk to the Council	Allison Greaves
No. Of Councillors	12	Name of RFO (if different)	
Quorum	4	Precept (for audit year)	£211,635 excl. Council Tax Support Grant (CTSG)
Electorate	10,000 (approx.)	Gross budgeted income	£218,058

KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW.

		Adopted	Last Review					Next Review			<u>Recommendations/ Comments</u>	
			Date	Prepared By	Approved By	Key Changes	On Website	Copy Taken	Due	Key Changes Proposed		Annual Review?
1.1	Standing Orders	√	May-17	PPWG	Council		√	√	②		√	
1.2	Financial Regulations	√	Jan-17	FMPWG	Council		×	√	②		√	That Council considers that these key documents be uploaded onto the (new) Council website, with the documents detailing the date approved and who approved (e.g. approved by Council at meeting of xxx)
1.3	Committee Terms of Reference ①	√	Jan-17	Clerk	Council		×	√	②		√	
1.4	Risk Assessment	√	Mar-16		Council	see 'Systems of Internal Control' doc	×	√	②		√	
1.5	Statement of Internal Control	√	Mar-16		Council	see 'Systems of Internal Control' doc	×	√	②		√	
1.6	Complaints Procedure	√	Apr-11		Council		×	√	②		√	
1.7	Code of Conduct	√	Mar-14		Council		×		②		√	
1.8	Equal Opportunities	√	Feb-17		Council	Initial policy	×		②		√	
1.9	Reserves Policy	√	May-17		Council	Initial policy	×	√	②		√	
1.10	Model Publication Scheme	×					×					

① Committees: Planning Committee, Staffing Committee.

② = Next review dates to be determined by PPWG

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1. Book-Keeping				Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes	No	The accounts are balanced monthly and are up to date to the financial year-end.
1.2	Arithmetic correct?	Yes	No	Checks of the computerised accounting system confirmed that the cashbook and other accounts arithmetic were correct.
1.3	Evidence of internal control?	Yes	No	<ul style="list-style-type: none"> • Internal audit • Risk assessment policy • Systems of internal control • Budgetary control and monitoring-monthly • Bank reconciliation review by Council • Procurement review • Segregation of duties (Clerk/Assistant Clerk)
1.4	VAT evidence, recording and reclaimed?	Yes	No	The Council can recover VAT through the Local Authorities and Similar Bodies Scheme. A claim for repayment of VAT is made online quarterly. The last VAT return submitted was for the quarter to 31/03/17. It is not known if there has previously been a VAT inspection.
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes	No	See 'Transaction Spot Check' section at the end of this report.
1.6	Is S137 expenditure separately recorded and within statutory limits?	Yes	No	The Council applies the General Power of Competency, so is not required to record S137 expenditure.
1.7	Is S137 expenditure of direct benefit to the electorate?	Yes	No	N/A.

2. Due Process				Comments & Recommendations
2.1	Standing Orders adopted since 2010?	Yes	No	Standing Orders have been adopted, See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	No	Standing Orders are reviewed annually. See Recommendation from previous year's internal audit report in section 10.1. Also see: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.
2.3	Financial Regulations adopted?	Yes	No	Financial Regulations have been adopted. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.
2.4	Financial Regulations properly tailored to Council?	Yes	No	The current Financial Regulations are based on the current NALC model Financial Regulations, adapted to suit the specific needs of the Council. Financial regulations have been updated to comply with the NALC recommendations for internet banking, which the Council now applies.
2.5	Equal Opportunities policy adopted?	Yes	No	An Equal Opportunities policy has been adopted. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.

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2. Due Process				Comments & Recommendations
2.6	RFO appointed?	Yes	No	<p>Following the resignation of Richard White as Clerk in 2016, Malcolm Plumb was appointed locum Clerk in July 2016, with responsibility as Responsible Financial Officer (RFO) being undertaken on a permanent basis by Allison Greaves, Assistant Clerk, from 22/06/16 (see minute ref. 170/16 confirming this change).</p> <p>Allison Greaves was then appointed as the permanent Clerk to the Council on 13/05/17 and retained the responsibility of RFO.</p> <p>Malcolm Plumb is currently contracted as a consultant Clerk, on a monthly basis, until an Assistant Clerk has been appointed.</p>
2.7	List of member's interests held?	Yes	No	<p>The Clerk maintains the list of member's interests, which have now been reinstated on the Council's website.</p> <p>The Register of Interests, applicable to all councillors, is available to view on the Rutland County Council website.</p>
2.8	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	No	<p>At least 3 days prior to the Council meeting the clerk prepares and signs the council meeting agenda, which lists matters for discussion and is posted on the Council's website and on the town council's office notice board.</p>
2.9	Purchase orders raised for all expenditure?	Yes	No	<p>Financial Regulations determine how commitment to purchase is made.</p> <p>A procurement review was undertaken in 2015, which made some minor recommendations, but in general effective documentation e.g. letter, email, purchase order or equivalent purchase confirmation, is raised for expenditure, where possible and practical.</p>
2.10	Purchasing authority defined in Financial Regulations?	Yes	No	<p>Financial Regulations detail the authority levels for purchasing by the Clerk and members of Council.</p> <p>Section 11 of the current Financial Regulations details the de-minis limits for competitive purchases;</p> <ul style="list-style-type: none"> • Below £5,000 and above £1,000: Clerk shall strive to obtain three estimates. • Below £25,000 and above £5,000: Clerk to obtain three quotes. • £25,000 and above: tendering procedures to be applied.
2.11	Legal powers identified in minutes and/or ledger?	Yes	No	<p>Whilst the applicable legal power is not specifically noted in the minutes or the accounts, it is the responsibility of the Clerk to ensure that the Council applies the correct legal power.</p>

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2. Due Process				Comments & Recommendations
2.12	Committee terms of reference exist and have been reviewed?	Yes	No	<p>In addition to the full Council, which meets monthly, there are the following committees:</p> <ul style="list-style-type: none"> • Planning Committee; meets as and when necessary ① • Staffing Committee; meets as and when necessary, but at least quarterly ① <p>Terms of reference have been adopted for each of these committees. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.</p> <p>In addition, there are the following Working Groups, each with a specific remit and which meet as and when necessary:</p> <ul style="list-style-type: none"> • Policies & Procedures Working Group. Reports to Council • Promotions & Publicity Working Group. Reports to Council • Recreation & Fitness Centre Working Group. Reports to Council • Financial Matters & Procedures Working Group. Reports to Council • Neighbourhood Plan Working Group. Reports to Council ① • Cemetery Working Group. (finished February 2017). <p>① = these have specific terms of reference; other working groups have generic terms of reference.</p> <p>Working groups submit recommendations to Council and report to Council by updated action plans and agendas.</p>

3. Risk Management				Comments & Recommendations
3.1	Does a scan of the minutes identify any unusual financial activity?	Yes	No	<p>Minutes are prepared for all meetings of Council and committees and which are uploaded onto the Council website following approval at a subsequent Council meeting. No unusual financial activity was found in the minutes reviewed. Minutes for the Council and committees have been uploaded onto the village website up to date for 2017.</p>
3.2	Is an annual risk assessment carried out?	Yes	No	<p>The Council has adopted a 'Systems of Internal Control' document, which covers both risk management and internal control assessment. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.</p>
3.3	Is Insurance cover appropriate and adequate?	Yes	No	<p>The insurance is renewed annually on 1st April. Insurance cover is currently placed direct with Zurich for all insurances, with a 5-year contract through to 31/03/19.</p>

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2. Due Process				Comments & Recommendations
3.4	Evidence of annual insurance review?	Yes	No	Prior to the renewal of any insurance policies/contracts, the Clerk undertakes a review of insurances and will normally obtain 3 competitive quotes to ensure that best value is obtained in respect of service levels and premiums. The insurance schedule, together with other policies and procedures is reviewed annually by the Council, prior to renewal.
3.5	Internal financial controls documented and evidenced?	Yes	No	Internal financial controls are documented in the Systems of Internal Control document, which covers both risk management and internal control assessment. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above. In addition, effective and acceptable financial control procedures are operative as stipulated in the Financial Regulations. The procedure manuals for the accounts and the outsourced payroll are adhered to.
3.6	Minutes initialled, each page identified and overall signed?	Yes	No	Minutes of all Council and committee meetings are signed by the chair of the meeting (at which the minutes were put forward for approval). Each page of the minutes is identifiable by the unique sequential minute, each page is numbered and signed/initialled by the meeting chair (as above) and dated.
3.7	Regular reporting and minuting of bank balances?	Yes	No	Bank balances and reconciliations for each account are initially reviewed by the Finance Working Group and then presented to Council and minuted accordingly.
3.8	S137 expenditure minuted?	Yes	No	N/A. General Power of Competence applied.

4. Budget				Comments & Recommendations
4.1	Annual budget prepared to support precept?	Yes	No	A detailed budget is prepared annually.
4.2	Has budget been discussed and adopted by Council?	Yes	No	The draft annual budget is prepared by the Finance Working Group and is presented to Council (normally at the October meeting) for an initial review. The budget is then ratified by the Council (normally at its January meeting).
4.3	Any reserves earmarked?	Yes	No	The Council had £97,271 earmarked reserves listed as at 31 March 2017. General (free) reserves at the financial year-end were £106,422, representing 50% of the 2016-17 precept of £211,635. The Council has adopted a formal Reserves Policy. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.
4.4	Any unexplained variances from budget?	Yes	No	All explained as per the Annual Return and the regular reports presented to Council and committees
4.5	Precept demand correctly minuted?	Yes	No	The approved precept demand of £211,635, excluding Council Tax Support Grant (CTSG), was approved by the Council in January 2016 and minuted.

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5. Payroll - Clerk				Comments & Recommendations
5.1	Contract of employment?	Yes	No	Allison Greaves, Clerk and RFO, has a contract of employment, approved by the Council upon appointment on 13/05/17.
5.2	Tax code issued/contracted out?	Yes	No	The Clerk is remunerated through the payroll and has an applicable tax code.
5.3	PAYE/NI evidence?	Yes	No	The payroll confirmed that the Clerk's salary was subject to PAYE and NI.
5.4	Has Council approved the salary paid?	Yes	No	The Clerk's monthly salary payment is included on the payment list presented to Council for approval.
5.5	Other payments reasonable and approved by Council?	Yes	No	Business mileage and out of pocket expenses are reimbursed to Council employees. Expenses are claimed monthly on an expense claim form, which is approved by the Clerk or a member of Council. All additional payments are included on the monthly expenditure payment listing presented to Council for approval. Business mileage is reimbursed to permanent staff at the current HMRC tax-free limit of 45p per mile. The Council's staging date for pension's auto-enrolment was March 2016 and the Council has enrolled staff into the Local Government Pension Scheme (LGPS), as applicable. The Clerk has responsibility for ensuring compliance with the requirement for pensions auto-enrolment.

6. Payroll - Other				Comments & Recommendations
6.1	Contracts of employment?	Yes	No	N/A. Currently Alison Greaves is the only other Council employee, pending the appointment of an Assistant Clerk. Malcolm Plumb is elf employed. Council employees are employed on a permanent basis, work to set hours per week and are paid monthly at an agreed rate per hour.
6.2	Does the Council have employers' liability cover?	Yes	No	The Council has employer's liability cover of £10M.
6.3	Tax code(s) issued?	Yes	No	N/A. See 6.1 above.
6.4	Minimum Wage paid?	Yes	No	All staff are paid above the applicable minimum or living wage.
6.5	Disciplinary, Grievance and Complaints procedures in place?	Yes	No	Disciplinary and grievance procedures are included in the employees' contract of employment. The Council has adopted a Complaints Procedure. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.

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7. Asset Control				Comments & Recommendations
7.1	Does the Council keep a register of all material assets owned?	Yes	No	<p>The RFO is responsible for maintaining the manual asset register. Any addition to the asset register is normally based on materiality, rather than a minimum amount.</p> <p>RECOMMENDATION: The current asset register is maintained as a Word document, but would be better suited in Excel format to ensure greater data accuracy.</p>
7.2	Is the asset register up to date?	Yes	No	<p>The asset register, as presented, was up to date as at the financial year-end. i.e. all assets listed.</p> <p>There were nil assets purchased or disposed in the year to 31/03/17.</p>
7.3	Value of individual assets included?	Yes	No	All applicable assets are listed individually in the asset register.
7.4	Inspected for risk and health and safety?	Yes	No	<p>Regular inspection of the Council's assets by the councillors.</p> <p>Play equipment checked annually by ROSPA accredited inspectors</p>

8. Bank Reconciliation				Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes	No	<p>Reconciliations are undertaken for the bank accounts held by the Council:</p> <ul style="list-style-type: none"> • HSBC Current account; 403521/01500304; bank statements received twice monthly. The main account for cheque DD's and salary payments. The Clerk draws down a statement monthly on-line for this account for reconciliation purposes. • Cambridge Building Society Savings account; 1782830432; Used for long term saving. The Cambridge BS account passbook is updated when payments in or out are made.
8.2	Reconciliation carried out on receipt of statement?	Yes	No	The bank and building society accounts above are reconciled individually on receipt of the applicable statement or pass book.
8.3	Any unexplained balancing entries in any reconciliation?	Yes	No	All balancing entries fully explained.
8.4	Is the bank mandate up to date?	Yes	No	<p>The HSBC bank mandate was last updated in May 2017, nominating 3 Council members as signatories, with any 2 of the 3 signatories required to sign cheques. The Clerk is authorised to sign cheques, but would only do so in an emergency. The Clerk is also recognised by the bank for administrative and communication purposes. The bank mandate is reviewed and amended by the Council as and when required e.g. a change of Councillor.</p> <p>See Recommendation from a previous internal audit report in section 10.1.</p> <p>The Cambridge Building Society savings account requires 3 signatories to authorise withdrawal of funds.</p> <p>See Recommendation from a previous internal audit report in section 10.1.</p>

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9. Year-End Procedures				Comments & Recommendations
9.1	Year-end accounts prepared on correct accounting basis?	Yes	No	Day to day and year-end accounts are prepared on an Income and Expenditure basis.
9.2	Bank statements and ledger reconcile?	Yes	No	A full reconciliation of each bank statement to the corresponding account in the ledger as at 31 st March was prepared and reviewed and was approved by the Council on 12/04/17.
9.3	Underlying financial trail from records to presented accounts?	Yes	No	The RBS Omega accounting system, which was successfully implemented with effect from 01/10/16, provides a satisfactory audit trail to the underlying financial records.
9.4	Where applicable, debtors and creditors properly recorded?	Yes	No	Debtors and creditors are recorded separately and correctly in the accounts. Default payment terms for debtors are 30 days. Default payment terms for creditors are 30 days. There were no unexplained overdue debtors or creditors at the financial year-end.
9.5	Has Council agreed, signed and minuted sections 1 &2 of the Annual Return?	Yes	No	Section 1-Annual Governance Statement signed by the Council chair on 24/05/17 Section 2-Accounting Statements signed by the Council chair on 24/05/17.

10. Miscellaneous				Comments & Recommendations
10.1	Have points raised at the last internal audit been addressed?			<u>NB: LISTED ARE THE RECOMMENDATIONS (FROM MY INTERIM INTERNAL AUDIT REPORT OF 04/09/15 AND MY FINAL REPORT OF 21/11/16), WHICH WERE OUTSTANDING AS AT 19/06/17.</u>
	Ref	Action Recommended		
1.1	<u>from interim internal audit report of 16/11/15</u> <i>Before any decision is made to replace the existing Scribe accounts system, a review should be undertaken to see if issues identified in the Assurance Review could be satisfactorily addressed. In looking at alternative accounts systems, the recognised parish/town council accounts software packages i.e. Advantedge and RBS Omega, should be considered, as these will provide the specific functionality required by local councils, which the commercial software packages recommended by Street's may not.</i>	Yes	No	<u>CURRENT STATUS</u> The Omega RBS accounts system was implemented w.e.f 01/10/16, with opening data converted from the Scribe system and parallel running taking place to ensure an accurate switch over. ✓ ACTIONED AS RECOMMENDED i.e. new accounts system chosen and installed.
2.2	<u>from interim internal audit report of 16/11/15</u> <i>The Clerk's job description is reviewed annually by the Council and updated as necessary to reflect any key changes in tasks and/or responsibilities.</i>	Yes	No	<u>CURRENT STATUS</u> Allison Greaves, Clerk and RFO, has a contract of employment, approved by the Council upon appointment on 13/05/17. The Council is committed to reviewing and updating the job description when any changes are required. ✓ ACTIONED.

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10. Miscellaneous				Comments & Recommendations
5.3 (1)	<p><u>from interim internal audit report of 16/11/15</u> <i>All cash and cheques awaiting banking are kept in a secure (locked) cabinet or equivalent, with access available to only named staff and council members</i></p>	Yes	No	<p><u>CURRENT STATUS</u> All cash and cheques awaiting banking are now kept in a locked cupboard in the Clerk's office. ✓ ACTIONED AS RECOMMENDED.</p>
7.3	<p><u>from interim internal audit report of 16/11/15</u> <i>In the asset register each asset is listed with:</i></p> <ol style="list-style-type: none"> 1. <i>The original purchase cost or an agreed value on acquisition i.e. current cost.</i> 2. <i>The current insurance value.</i> <p><i>In accordance with the current external auditor's recommendations, the total current cost of all assets listed in the asset register is the value declared in section 1 of the Annual Return. Once a value for current cost has been entered, it should not be adjusted for any increase or decrease in value.</i></p>	Yes	No	<p><u>CURRENT STATUS</u> ✓ ACTIONED AS RECOMMENDED.</p>
2.2	<p><u>from Final internal audit report of 21/11/16</u> <i>That the Council considers presenting its key governance documents for review and re-adoption at the Annual Meeting. These documents would usually include Standing Orders, Financial Regulations, Risk Assessment and the Statement of Internal Control.</i></p>	Yes	No	<p><u>CURRENT STATUS</u> The Council reviewed all these key documents in 2017 and has agreed that they will be reviewed annually, although not necessarily at the Annual Meeting. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW' schedule above. ✓ ACTIONED IN ACCORDANCE WITH THE REQUIREMENTS OF THE RECOMMENDATION.</p>
5.5	<p><u>from Final internal audit report of 21/11/16</u> <i>The Council should review the contractual position regarding the £6,000 salary enhancement to the Clerk, to clarify:</i></p> <ul style="list-style-type: none"> • <i>if it is to continue to be paid</i> • <i>if not, has any overpayment been made and if so is this recoverable.</i> 	Yes	No	<p><u>CURRENT STATUS:</u> A severance agreement was made with the previous Clerk, Richard White, for which appropriate external advice was taken. The decisions made and actions taken, based on this advice, were approved and minuted by the Council. RECOMMENDATION NO LONGER APPLICABLE i.e. superseded by events.</p>
8.4 (1)	<p><u>from Final internal audit report of 21/11/16</u> <i>That the HSBC mandate is updated and forwarded to the bank as soon as possible. Ideally there should be at least 4 nominated signatories (as per the previously approved mandate) to ensure an adequate rotation of cheque signatories. See section 10.1 below</i></p>	Yes	No	<p><u>CURRENT STATUS</u> The HSBC bank mandate was updated in May 2017, following approval by the Council. The revised mandate nominated 3 Council members as signatories, with any 2 of the 3 signatories required to sign cheques. The Clerk is also authorised to sign cheques, but would only do so in an emergency. ✓ ACTIONED.</p>

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10. Miscellaneous				Comments & Recommendations	
	8.4 (2)	<i>from Final internal audit report of 21/11/16</i> <i>That the 3 new accounts signatories are agreed and duly notified to the Cambridge Building Society.</i>	Yes	No	CURRENT STATUS Three new account signatories were agreed with the Cambridge Building Society on 25/07/16. Since then it transpired that these signatories need to be amended and the Council has now agreed the 3 signatories, which need to be notified to and approved by the Cambridge Building Society. OUTSTANDING. C/F.
10.2	Has the Council adopted a Code of Conduct since July 2012?		Yes	No	The Council has adopted a Code of Conduct. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above.
10.3	Is eligibility for the General Power of Competence properly evidenced?		Yes	No	The adoption of the power was recorded with appropriate wording by the Council. The Council currently complies with the requirement for 2/3rds of the Council to have been elected. The Council's expectation is that the permanent Clerk will be CiLCA qualified within the current life of the Council i.e. to May 2019
10.4	Are all electronic files backed up?		Yes	No	All files are backed up overnight offsite, through the Millennium On-line backup service. In addition, RBS accounts system includes an online offsite backup facility.
10.5	Do arrangements for the public inspection of records exist?		Yes	No	It is recommended that the Council considers introducing a Model Publication Scheme. See: 'KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule above. Notice of audit displayed as per external audit instructions. Outside of this period, inspection of records can be undertaken by prior appointment.

11. Charities				Comments & Recommendations	
11.1	Charities reported and accounted separately?		Yes	No	The Council does not currently act as trustee for any charity and is not responsible for managing any trust funds or assets.
11.2	Have the Charity accounts been separately audited?		Yes	No	N/A.
11.3	Have the Charity accounts and Annual Return been filed within the legal time limits?		Yes	No	N/A.

12. Burial Authorities				Comments & Recommendations	
12.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?		Yes	No	N/A. The Council is not currently a burial authority.
12.2	Are fees levied in accordance with the Council's approved scale of fees and charges?		Yes	No	N/A.
12.3	Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly?		Yes	No	N/A.

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12. Burial Authorities				Comments & Recommendations
12.4	Do all internment of ashes have a certificate of cremation?	Yes	No	N/A.
12.5	Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	Yes	No	N/A.

13. Income Controls				Comments & Recommendations
13.1	Is income properly recorded and promptly banked?	Yes	No	The Clerk is responsible for raising and authorising income invoices and issuing receipts when applicable. Cash and cheques are banked on a regular basis, although most receipts are made direct to the bank account. Income invoices are prepared manually and entered into Scribe when the payment is cleared by the bank. Invoice copies are retained for a minimum of 3 years.
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	No	The precept of £211,635 and the Council Tax Support Grant (CTSG) of £16,424 were received in a single payment of £228,059 on 26/04/16 and agreed to the Rutland County Council notification.
13.3	Are security controls over cash adequate and effective?	Yes	No	The Clerk is responsible for receiving, balancing and authorising all cash and cheques received. Cash and cheques received are banked on a regular basis. All cash and cheques awaiting banking are kept in a locked cupboard in the Clerk's office. See Recommendation from a previous internal audit report in section 10.1.

14. Petty Cash				Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	Yes	No	One petty cash float is operated by the Council, with a maximum float held of £200 and is used for small value expenditure transactions. Approved petty cash requisitions and VAT receipts are required for all petty cash expenditure and are authorised by the Assistant Clerk.
14.2	Is petty cash expenditure reported to Council?	Yes	No	Petty cash expenditure is presented to the scheduled monthly Council meeting for approval on the bank reconciliation report. The petty cash reimbursement cheque is signed by 2 approved signatories.
14.3	Is petty cash reimbursement carried out regularly?	Yes	No	The petty cash float is reconciled and reimbursed (topped up) as necessary, although it is noted that the number of petty cash transactions is small.

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Transaction Spot Check								
Check No.	1	2	3	4	5	6	7	8
Transaction type	Purchase invoice	Purchase invoice	Purchase invoice	Purchase invoice	Expenses	Payroll	Sales invoice	Precept
Supplier/Customer	Symbiosis	Wix.com	Always Available Cleaning Services	Weston Allison Wright	Cllr Adam Lowe	Allison Greaves	Mr & Mrs A Spurdle	Rutland CC
Invoice/Transaction No.	5236	119371060	6	6422/A	-	Dec-16 payroll	076	500468
Invoice/Transaction Date	06/04/16	16/05/16	01/07/16	26/10/16	10/08/16	15/12/16	01/07/16	22/04/16
Goods/Services Supplied	Arboricultural review	NPSG website domain reg.	Cleaning Church St WC-May-16	Oakham Cemetery survey	Chairman's Allowance	Monthly pay	Outstanding rent settlement	Precept 2016-17 + CTSG
Ledger Date	26/04/16	16/05/16	06/07/16	01/12/16	09/08/17	15/12/16	09/12/16	22/04/16
Ledger Reference	9	35	80	104095	120	15/12/16	9/12/16	1
Item/Budget Heading	4105	4100	4215	4105	4410	4000	1130	1076
Payment Method	cheque	cheque	BACS	cheque	BACS	BACS	cheque	BACS
Ref/Cheque No.	103967	103980	-	104095	-			-
Authorised By	Council	Council	Council	Council	Council	Council	Council	Council
Order Number	2015-093	-	Contract	2016-130	-	-	-	-
Delivery Evidence	report	Website running	Visual evidence	report	Signed by chair	Payslip issued	Debt settled	Funding received
Payment Minute Ref	156/16	164/16	13	308/17	232/16	308/17	-	-
Insurance Value	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Payments Date	26/04/16	16/05/16	05/07/16	06/01/17	09/08/16	15/12/16	Paid off by 01/11/16	09/04/16
Payment Value	£342.00	£74.25	£1518.00	£4500.00	£1000.00	£1423.42	£2150.00	£228059.00
Bank Account Paid From/In	01300504	01300504	01300504	01300504	01300504	01300504	01300504	01300504
Statement No.	353	355	357	369	359	367	356/358/360/363/364/366	351
Statement Value	£342.00	£74.25	£1518.00	£4500.00	£1000.00	£2936.75 *	£2150.00 (total)	£228059.00
Timely Payment	√	√	√	√	√	√	√	√
VAT Recorded	£57.00	£12.37	£253.00	£750.00	£0 (VAT exempt)	n/a	£0 (VAT exempt)	£0 (VAT exempt)
S137 Recorded in Ledger	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
S137 Minuted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Notes	Scribe	Scribe. Minute approved £75.90	Scribe		Scribe	* includes total month pay for all employees + HMRC payment	Paid by 5 monthly instalments	Scribe
Pass	√	√	√	√	√	√	√	√

Internal Audit Summary Checklist Report for OAKHAM Town Council

Year Ending: 31 March 2017

Any further comments

In spite on-going internal divisions, a high turnover of councillors and staffing changes, Oakham Town Council continues to function effectively and as will be seen from this report, has satisfactorily addressed all but one of the recommendations made in my previous reports (with action in hand to address this). Furthermore, all but one of the new recommendations made, are listed on the KEY POLICIES AND PROCEDURES DOCUMENTATION REVIEW schedule and primarily relate to uploading these documents onto the Council's new website to enhance transparency. All the recommendations made to date should be considered as Opportunities for Improvement (OFI's), rather than implying any reduction in the effective control that the Council continues to maintain.


For information and the avoidance of doubt, I can advise that:

- I have adopted the same approach to the internal audit of Oakham Town Council as I have to all my other local council clients, namely based my observations, opinions and recommendations on the data and other evidence presented to me. This I strongly believe is the best means of achieving the independent objectivity required of an internal auditor.
- This internal audit assignment has comprised two separate reviews:
 - An interim internal audit review, with a draft report for review and feed back
 - A final internal audit review and final report
- I wish to draw the Council's attention to the final paragraph on page 1 of this report, which I trust clearly states again what internal audit is and what it is not.

The overall internal audit assurance rating is: **GOOD**.

Acknowledgments

The help and co-operation of Allison Greaves Clerk to the Council, Malcolm Plumb, locum Clerk and, Michael Haley, Council Chair, is much appreciated, all of whom acted in a very professional manner.

Internal audit carried out by	(signed) 	(print) Richard Willcocks
Audit type (delete as appropriate)	INTERIM ANNUAL	
Date	02/07/2017	

For internal auditor's use only

Section 4 of Annual Return form completed and signed	19/06/17
Internal audit report sent to Council	02/07/2017

Year Ending: March 2017

ANNUAL RETURN		Year Ending 31March 2016	Year Ending 31March 2017
1	Balances brought forward	£ 117,856	£ 185,866
2	Annual precept	£ 203,915	£ 211,635
3	Total other receipts	£ 121,112	£ 20,423
4	Staff costs	£ 50,547	£ 66,013
5	Loan interest/capital repayments	£ 5,508	£ 5,508
6	Total other payments	£ 200,962	£ 142,710
7	Balances carried forward	£ 185,866	£ 203,693
8	Total cash and investments	£ 179,944	£ 197,463
9	Total fixed assets and long-term assets	£ 1,044,216	£ 1,044,216
10	Total borrowings	£ 35,970	£ 31,115
11	Section 4 Annual return figures completed and cross-referenced.	10/06/2016	19/06/2017