

COTSWOLDS CONSERVATION BOARD

INTERNAL AUDIT REPORT 2017/18

Ref.	Test	OS	Yes/No	Comments
1.	JPAG AUDIT TOPICS		No	
1.1	Previous Internal Audit Recommendations			
a	Do the minutes record that Board has considered the Internal Audit Report for the previous year and the matters arising?	B	Y	<i>The Report was considered by Executive Committee on 23.02.17.</i>
b	Have previous audit recommendations been addressed?	B	Y	<i>Any outstanding items are addressed below.</i>
1.2	Proper Book-keeping			
a	Is the cash book maintained and up to date?	A	Y	<i>Entries are routinely posted on a regular basis.</i>
b	Is the cash book arithmetically correct?	A	Y	<i>Accuracy is provided by the Sage 50 accounting software package.</i>
c	Is the cash book balanced regularly?	A	Y	<i>The Sage system is self-balancing.</i>
1.3	Standing Orders, Financial Regulations, Ordering and Payments			
a	Has the Board formally adopted its Standing Orders and Financial Regulations?	B	Y	<i>Updates to Financial Regulations were reported to Board on 8 December 2016.</i>
b	Is a Responsible Financial Officer appointed with specific duties?	B	Y	<i>A new RFO has been in post since July 2017.</i>
c	Have items or services above the de minimis amount been competitively purchased?	B	Y	<i>The Finance Officer reports any exceptions to Board on an annual basis.</i>
d	Are payments in the cash book supported by invoices, and have they been authorised and minuted?	B	Y	<i>All invoices are authorised by the Director in accordance with his delegated powers.</i>
e	Has VAT on payments been identified, recorded and claimed?	B	Y	<i>The Board cannot reclaim VAT on its normal activities. The Friends of the Cotswolds account for VAT on trading activities under the Agency Agreement.</i>
1.4	Risk Management Arrangements			
a	Does a review of the minutes confirm that there has not been any unusual financial activity?	C	Y	
b	Do the minutes record Board carrying out an annual risk assessment?	C	Y	<i>The Corporate Risk register is due for review by Executive Committee in February and Board in June.</i>
c	Is insurance cover appropriate and adequate?	C	Y	<i>Detailed cover is in place to 31.03.18.</i>

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d	Are internal financial controls documented and regularly reviewed?	C	Y	<i>Key corporate risks are normally reviewed by the Executive Committee twice-yearly. Internal Audit review financial controls and report to the Executive Committee by February each year. Financial procedure notes are in place and updated as appropriate.</i>
1.5	Budgetary Controls			
a	Has the Board prepared an annual budget in support of its operations?	D	Y	<i>Board adopted the Annual Business Plan 2017-20 on 23.03.2017.</i>
b	Is actual income and expenditure against budget reported regularly to Board members?	D	Y	<i>Summary reports of income and expenditure, by Business Plan theme, are presented to Executive Committee each quarter.</i>
c	Are significant variances from budget explained?	D	Y	<i>Notes to the report explain all variances over £1,000.</i>
d	Are overall financial results and reserves appropriate?	D	Y	<i>The level of reserves and the 2016/17 deficit are consistent with the Board's policies. Agreed Action: An updated Reserves Policy will be submitted to Executive Committee in May 2018.</i>
1.6	Income Controls			
a	Is income properly calculated, recorded and collected, and banked promptly?	E	Y	<i>The vast majority of the Board's income is collected within 30 days of invoice, although CDC have not yet paid their financial contribution for 2017/18.</i>
b	Do grants recorded in the cash book agree to the Board's notification?	E	Y	<i>Discussions with Natural England are on-going, to agree their full contribution for 2017/18.</i>
c	Are security controls over cash and near-cash adequate and effective?	E	Y	<i>Following a recent loss, the Board is reviewing the security of café cash, to ensure that insurance requirements are met.</i>
d	Has VAT on income been properly identified, recorded and reclaimed?	E	Y	<i>As 1.3(e) above.</i>
1.7	Petty Cash			
a	Is all petty cash expenditure approved, recorded and supported by invoices or receipts?	F	Y	<i>Detailed monitoring systems are in place.</i>
b	Is petty cash expenditure reported to Board?	F	Y	<i>As part of overall reporting on expenditure.</i>
c	Is petty cash reimbursed regularly?	F	Y	<i>As floats become depleted.</i>

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1.8	Payroll Controls			
a	Do all employees have contracts of employment with clear terms and conditions?	G	Y	<i>Agreed Action: The Director is considering the potential for the new Publica company to assist with a review of the Staff Handbook.</i>
b	Do salaries and allowances paid agree with those approved by Board?	G	Y	<i>The monthly payroll service is provided by Publica.</i>
c	Are other payments to the Director and staff reasonable and approved by Board?	G	Y	<i>Not aware that any payments other than salaries and allowances are made.</i>
d	Has PAYE/NIC been properly operated by the Board?	G	Y	
1.9	Asset Controls			
a	Does the Board keep an Assets and Investments Register of all material assets owned or in its care?	H	Y	
b	Is the Register accurate and up to date?	H	Y	<i>Asset Registers are updated at least annually. The Investment Register is updated monthly.</i>
c	Do the asset insurance valuations agree with those on the Register?	H	Y	<i>Details and insurances are updated at least annually.</i>
1.10	Bank Reconciliation			
a	Is there a bank reconciliation for each bank account?	I	Y	
b	Is the reconciliation carried out on a regular and timely basis?	I	Y	<i>Normally on a regular monthly basis.</i>
c	Are the reconciliations free from any unexplained balancing entries?	I	Y	
d	Is the value of investments held summarised on the reconciliation?	I	Y	
1.11	Year End Procedures			
a	Are year-end accounts prepared on the correct accounting basis?	J	Y	<i>On an income and expenditure basis, via Sage.</i>
b	Do accounts agree with the cash book?	J	Y	<i>The 2016/17 Annual Financial Statements were approved by Board on 29.06.2017.</i>
c	Is there an audit trail from underlying financial records to the accounts?	J	Y	<i>An ongoing audit trail is in place.</i>
d	Have debtors and creditors been properly recorded?	J	Y	<i>For 2016/17, the latest completed close-down.</i>
2.	ADDITIONAL AUDIT TOPICS			
2.1	Agency Activities			
a	Have agency activities been appropriately approved?	C	Y	
b	Are the activities controlled and monitored in accordance with normal Board practices?	C	Y	<i>The Board has re-commenced monthly monitoring meetings.</i> <i>Agreed Action: Future monthly financial reports will include income, expenditure and stock levels.</i>
c	Is budgetary control appropriate and effective?	B	Y	

Ref.	Test	OS	Y/N	Comments
2.2	Corporate Governance			
a	Have the constitution, role and membership of Board and Committees been reviewed appropriately?	C	Y	<i>A detailed review of Board Committees took place in autumn 2016.</i>
b	Are Board and Committee meetings robust, held regularly and minuted?	C	Y	<i>Board met quarterly, Executive generally two-monthly. Other Committees meet as required.</i>
c	Have the management and staffing structure been reviewed?	C	Y	<i>Under continuous review by the Director, including performance by the new Publica company.</i>
d	Has Board formally reviewed its Corporate Governance Framework?	C	Y	<i>At Board meeting on 29.06.17.</i>
e	Has Board approved Corporate Plans on a timely basis?	C	Y	<i>The Business Plan 2017-20 was adopted by the Board on 23.03.17.</i>
f	Have internal and external auditors been appointed?	B	Y	<i>Both appointments are in place.</i>
g	Has the Board completed its Annual Return in accordance with proper practice?	B	Y	<i>Approved by Board on 29.06.17.</i>
2.3	Information Technology			
a	Does the Board have appropriate security measures in place?	C	Y	<i>Security policies and IT support services are in place.</i>
2.4	Health and Safety			
a	Does the Board have appropriate policies and procedures in place?	C	Y	<i>Agreed Action: The Director is arranging for a safety audit and an annual review of its H&S arrangements.</i>
2.5	Counter Fraud			
a	Does the Board have appropriate policies and procedures in place?	C	Y	<i>Agreed Action: The Board's formal Anti-Fraud & Corruption Strategy, and its Confidential Reporting Procedures, will be reviewed in 2018/19.</i>
2.6	Format of Financial Statements			
a	Is there potential for simplification of the Board's published accounts?	J	Y	<i>Work completed in 2015/16.</i>
2.7	Leader Programme			
a	Does the Board have appropriate arrangements in place?	C	Y	<i>Confirmed by a second RPA attestation visit in 2017.</i>

Note: "OS" cross-refers each audit objective to the Board's formal annual Internal Audit Opinion Statement.