

COTSWOLDS CONSERVATION BOARD

INTERNAL AUDIT REPORT 2018/19

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 for 2017/18 was considered by Executive Committee on 22.02.18.</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 are reported to Board as appropriate.</i>
b	Is a Responsible Financial Officer appointed with specific duties?	B	Y	<i>A vacancy during the year was covered by the Director with the use of external accountants.</i>
c	Have items or services above the de minimis amount been competitively purchased?	B	Y	<i>The Finance Officer reports 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 was reviewed by Executive on 26.02.19.</i>
c	Is insurance cover appropriate and adequate?	C	Y	<i>Detailed cover is in place to 31.03.19.</i>

Ref.	Test	OS	Y/N	Comments
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 each year. Financial Procedure Notes are in place and reviewed on a rolling programme.</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 2018-21 on 22.03.2018.</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 deficit are consistent with the Board's policies. Executive approved an updated Reserves Policy in Dec 2018.and are scheduled to review it in May 2019 with the Statement of Accounts.</i>
1.6	Income Controls			
a	Is income properly calculated, recorded and collected, and banked promptly?	E	Y	<i>All income is collected promptly, the vast majority within 30 days of invoice.</i>
b	Do grants recorded in the cash book agree to the Board's notification?	E	Y	<i>Grant income is recorded promptly and accurately.</i>
c	Are security controls over cash and near-cash adequate and effective?	E	Y	<i>Cash holdings are minimised and insured.</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 and recording 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>
1.8	Payroll Controls			
a	Do all employees have contracts of employment with clear terms and conditions?	G	Y	<i>A review of the Staff Handbook is on-going.</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, expenses and allowances are made.</i>

d	Has PAYE/NIC been properly operated by the Board?	G	Y	<i>By publica and sage Payroll.</i>
Ref.	Test	OS	Y/N	Comments
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>The Asset Register is being updated for 31 March 2019.</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 Statement of Accounts for 2017/18 was approved by Board on 28.06.2018.</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 2017/18, the latest completed close-down.</i>
2.	ADDITIONAL AUDIT TOPICS			
2.1	Agency Activities			
a	Have agency activities been appropriately approved?	C	Y	<i>The Board has given notice to terminate the Agency Agreement with the Friends of the Cotswolds. In October 2018 the Café and Discovery Centre were closed for re-furbishment work, which is on-going.</i>
b	Are the activities controlled and monitored in accordance with normal Board practices?	C	Y	<i>Partnership and monitoring meetings were held as appropriate.</i>
c	Is budgetary control appropriate and effective?	B	Y	
2.2	Corporate Governance			
a	Have the constitution, role and membership of Board and Committees been reviewed appropriately?	C	Y	<i>A re-structure of Board Committees and working groups took place in the year.</i>
b	Are Board and Committee meetings robust, held regularly and minuted?	C	Y	<i>Board meets quarterly, Executive Committee generally two-monthly. Others meet as required.</i>
c	Have the management and staffing structure been reviewed?	C	Y	<i>Under continuous review by the Director.</i>

AGENDA ITEM 08
APPENDIX 'A'

d	Has Board formally reviewed its Corporate Governance Framework?	C	Y	<i>At Board meeting on 28.06.18.</i>
e	Has Board approved Corporate Plans on a timely basis?	C	Y	<i>Considered by Board on a quarterly basis.</i>

Ref.	Test	OS	Y/N	Comments
f	Have internal and external auditors been appointed?	B	Y	<i>Both appointments were in place.</i>
g	Has the Board completed its Annual Return in accordance with proper practice?	B	Y	<i>Approved by Board on 28.06.18.</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 has negotiated with publica for a safety audit and an annual review of H&S arrangements, scheduled by June 2019.</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 Procedure are scheduled for review in 2019.</i>
2.6	Format of Financial Statements			
a	Is there potential for simplification of the Board's published accounts?	J	Y	<i>Further rationalisation is proposed for 2018/19.</i>
2.7	Leader Programme			
a	Does the Board have appropriate arrangements in place?	C	Y	<i>Confirmed by RPA attestation visits.</i>
2.8	Rural Skills			
a	Does the programme maximise the Board's investment?	C	Y	<i>Planning and monitoring arrangements are in place.</i>

Note: "OS" cross-refers each internal audit objective to the Board's formal Annual Governance and Accountability Return.