

INTERNAL AUDIT REPORT 2021/22 – PREPARED BY DAVID SHELMEERDINE (INTERNAL AUDITOR)

Ref.	Test	OS	Yes/ No	Comments
1.	JPAG AUDIT TOPICS			
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 Board on 22.06.2021.</i>
b	Have previous audit recommendations been addressed?	B	Y	
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 Xero accounting software.</i>
c	Is the cash book balanced regularly?	A	Y	<i>The Xero 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>Agreed Action: A further review of ordering and purchasing procedures is planned for 2022/23.</i>
b	Is a Responsible Financial Officer appointed with specific duties?	B	Y	<i>An interim appointment is in place to provide maternity cover.</i>
c	Have items or services above the de minimis amount been competitively purchased?	B	Y	<i>The Head of Finance reported exceptions to the Executive on 25.05.2021.</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 in accordance with the powers delegated by the Board.</i>
e	Has VAT on payments been identified, recorded and claimed?	B	Y	<i>The Board cannot reclaim VAT on its normal activities.</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	<i>The Head of Finance & Chief Executive report on all significant matters to the Executive and to Board.</i>
b	Do the minutes record Board carrying out an annual risk assessment?	C	Y	<i>Considered by Board in June 2021 and February 2022.</i>
c	Is insurance cover appropriate and adequate?	C	Y	<i>Detailed cover was in place for the year.</i>
d	Are internal financial controls documented and regularly reviewed?	C	Y	<i>Key corporate risks are reviewed by Committee twice-yearly. Internal Audit review financial controls and report to members each year. Proposals for a new Finance Manual are being considered.</i>

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1.5	Budgetary Controls			
a	Has the Board prepared an annual budget in support of its operations?	D	Y	<i>Approved by Board on 24.03.2021.</i>
b	Is actual income and expenditure against budget reported regularly to Board members?	D	Y	<i>Reports are presented to each F&G and Executive Committee meeting.</i>
c	Are significant variances from budget explained?	D	Y	<i>Notes to the reports explain all variances over £1,000.</i>
d	Are overall financial results and reserves appropriate?	D	Y	<i>Financial results and reserve levels are consistent with the Board's policies. They are reported to each F&G, Executive and Board meeting.</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>There are no longer any petty cash systems.</i>
b	Is petty cash expenditure reported to Board?	F	-	<i>No longer applicable.</i>
c	Is petty cash reimbursed regularly?	F	-	<i>No longer applicable.</i>
1.8	Payroll Controls			
a	Do all employees have contracts of employment with clear terms and conditions?	G	Y	<i>An updated Employee Handbook was approved by Board on 24.03.2021. This year a report to members will refer to the NJC pay scheme.</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 Chief Executive and staff reasonable and approved by Board?	G	Y	<i>No 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 Xero.</i>
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	<i>Detailed inventories are in place.</i>
b	Is the Register accurate and up to date?	H	Y	<i>The Asset Register is updated regularly.</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>

Ref.	Test	OS	Y/N	Comments
1.10	Bank Reconciliation			
a	Is there a bank reconciliation for each bank account?	I	Y	<i>Using Xero software.</i>
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	<i>Maintained on Xero.</i>
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 Xero.</i>
b	Do accounts agree with the cash book?	J	Y	<i>The Statement of Accounts for 2020/21 was approved by Board on 22.06.2021.</i>
c	Is there an audit trail from underlying financial records to the accounts?	J	Y	<i>An ongoing management and audit trail is in place.</i>
d	Have debtors and creditors been properly recorded?	J	Y	<i>For 2020/21, 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 Agency Agreement was terminated in 2019/20.</i>
b	Are the activities controlled and monitored in accordance with normal Board practices?	C	Y	<i>Exit arrangements were reported to Executive and Board.</i>
c	Is budgetary control appropriate and effective?	B	-	<i>No longer applicable.</i>
2.2	Corporate Governance			
a	Have the constitution, role and membership of Board and Committees been reviewed appropriately?	C	Y	<i>Considered by Board in June and October 2021. A further update is to be submitted to Board in June 2022.</i>
b	Are Board and Committee meetings robust, held regularly and minuted?	C	Y	<i>Regular meetings are held and minutes published on the web-site.</i>
c	Have the management and staffing structure been reviewed?	C	Y	<i>Under continuous review and update by the Chief Executive.</i>
d	Has Board formally reviewed its Corporate Governance Framework?	C	Y	<i>At Board meeting on 22.06.2021.</i>
e	Has Board approved Corporate Plans on a timely basis?	C	Y	<i>Business Plans are considered regularly at Executive and Board meetings.</i>
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 22.06.2021.</i>

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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>An updated policy was approved by Board on 12.10.2021.</i>
2.5	Counter Fraud			
a	Does the Board have appropriate policies and procedures in place?	C	Y	<i>An updated Counter Fraud & Corruption policy was approved by Board on 24.03.2021.</i>
2.6	Voluntary Wardens			
a	Are control measures appropriate?	J	Y	<i>Further improvements were made to controls in the year.</i>
2.7	Leader Programme			
a	Does the Board have appropriate arrangements in place?	C	-	<i>No longer applicable.</i>
2.8	Rural Skills			
a	Does the programme maximise the Board's investment?	C	-	<i>Audit review deferred to 2022/23.</i>
2.9	GDPR	C	-	<i>Review planned for 2022/23.</i>
2.10	Glorious Grasslands			
a	Are management controls appropriate and effective?	C	-	<i>No audit review planned.</i>
2.11	Grants Payable			
a	Are management controls appropriate and effective?	B	Y	<i>Appropriate authorisation procedures are in place.</i>

Note: "OS" cross-refers each internal audit test to the "Opinion Statements" required in the Board's statutory Annual Governance and Accountability Return.