

Healing Parish Council

Internal Audit Checklist

Name of Council	Healing Parish Council	Name of Clerk	Kathy Peers
No of Councillors	12	Name of RFO (if not Clerk)	
Quorum	4	Precept	£47,000
Electorate	2408	Gross budgeted income	

1. Bookkeeping			
Ledger maintained and up to date?	Yes		Ledger presented for checking. All copies have been signed
Arithmetic correct?	Yes		All arithmetic is automated through an excel spreadsheet - I have seen the equations in place and I am happy with this. A back-up figure checker also exists within the spreadsheet
Evidence of Internal Control?	Yes		This has been signed by the Chair and can be evidenced by inspecting the meeting minutes. Evidence has also been provided showing these are emailed to Councillors prior to meeting. This allows time for them to be properly checked and gives the opportunity for questions to be raised. Bank statements are provided monthly.
VAT evidence, recording and reclaimed?	Yes		VAT registration number is 126000104479. VAT rebate has been seen in the bank statements.
Payments supported by invoices, authorised and minuted?	Yes		These were made available at the Audit – so a random selection (spread throughout the year and selected by myself) was reviewed. No issues found
S137 separately recorded and within limits?	Yes		Clearly indicated within the accounts as they are in their own column. Rate for 2019/20 is £8.12 giving a total limit of £1955. The actual spend was only £1669.45
S137 expenditure of direct benefit to electorate?	Yes		Spending has been for the benefit of the village residents with the main spending having been on half-term activities for children and Christmas

2. Due Process			
Standing Orders adopted?	Yes		Evidence seen as minuted in the May 2019 meeting
Standing Orders reviewed at Annual Meeting?	Yes		Minuted at May 2019 meeting
Financial Regulations adopted?	Yes		Minuted at May 2019 meeting
Financial Regulations tailored to Council?	Yes		All financial regulations covered and discussed
Adequate internal controls for payments?	Yes		Documentation all in place for any payments being made. System has been improved upon from last year as per the suggestion
List of members interests held?	Yes		All documented – members interests obtained when first joining the council and updated as and when any changes happen. Copy of the register available on the Parish Council website
Agendas signed, informative and published with 3 clear days' notice?	Yes		Published on the website by the Wednesday preceding the next meeting. Chair also posts a copy on the village notice board
Purchase orders/confirmations raised for all expenditure?	Yes		Evidence seen of multiple quotes being obtained before works carried out. Minutes show discussions taking place both before jobs awarded and before payments made
Legal powers identified in minutes and or cashbook?	Yes		Minuted May 2019
Committee Terms of Reference and reviewed?	Yes		Carried out annually – minuted May 2019. Only committee is the Personnel Committee

3. Risk Management			
Does scan of minutes reveal any unusual activity?	Yes		Only item which keeps occurring in the minutes which could be deemed as unusual activities is the sale of current building and the building of a new one. Auditor has agreed to be available as and when needed during these times
Annual risk assessment carried out?	Yes		Council carried out risk assessments with specialist being used where needed. Five-year electrical test booked in for the following year
Insurance cover in place and appropriate?	Yes		Insurance policy in force and the suggested additions from last year's audit (3 rd party booker cover) has been clarified and included

Evidence of annual insurance review?	Yes		Minuted May 2019
Internal financial controls documented and evidenced?	Yes		Minuted May 2019
Minutes initialled each page and overall signed?	Yes		No issues here. Most of the minutes have had all pages initialled but there is still the odd exception to this. This again could be down to the chair taking away the copy they have initialled but as that is a known issue it should be watched out for
Regular reporting of bank balance?	Yes		Evidence seen and signed each time

4. Budget			
Annual budget to support precept?	Yes		In-depth annual budget seen
Has budget been discussed and adopted by Council?	Yes		Minutes seen for this discussion – nothing unusual identified
Any reserves earmarked?	Yes		No reserves kept separately – see “further comments” #3
Any unexplained variances from budget?	Yes		None of any significance. New hall project will be a large expenditure and it will be reasonable for some variances to occur
Precept demand correctly minuted?	Yes		Precept of £47,000 noted in January 2020 minutes

5. Payroll - Clerk			
Contract of employment?	Yes		No change from the previous year
Tax code issued?	Yes		BR tax code used as Clerk using her allowance with another parish
PAYE/NI evidenced?	Yes		HMRC payroll system used
Has Council approved salary paid?	Yes		Signed confirmation held on file. Rate of pay set and agreed via Personnel Committee. Annual increases in pay level as per government guidelines
Any other payments reasonable and approved by Council?	Yes		A travel allowance has been agreed. All claims would seem reasonable

6. Payroll – Other			
Contracts of employment?	Yes		Employment contracts held on file
Does Council have public liability cover?	Yes		Provided by specialist company – continuation of cover which has now been in force for several years.
Tax codes used?	Yes		All staff on standard HMRC codes

Minimum wages paid?	Yes		All paid National Minimum wage
Pension obligations met?	Yes		Only member of staff qualifying for the pension is the Clerk. Other staff members have been offered to join voluntarily but that has been declined
Complaints procedures in place?	Yes		Complaints procedure in force, explained and copy given to staff at outset. Used advice from ERNLLCA when implementing this

7. Asset Control			
Does Council keep a register of all material assets owned?	Yes		Register seen
Is asset register up to date?	Yes		Updated when new assets acquired
Value of individual assets included?	Yes		Where sensible all assets listed individually
Inspected each year and reviewed?	Yes		Minuted in May 2019 meeting
Records of deeds, articles etc. kept?	Yes		Deeds kept as per requirements

8. Village Hall			
Are hirings made and recorded appropriately?	Yes		Hall schedule is kept in diary. This is reviewed monthly at council meetings.
Are payments made and recorded appropriately?	Yes		Payments for hirers set out each year at budget meeting, this is not deviated from as this ensures fairness to all hirers.
Are deposits refunded where appropriate?	Yes		Payments and refunds noted in diary. As per suggestions last audit improvements have been made using online banking
Are diaries and schedules kept and reconciled to invoicing and payments properly?	Yes		Discussed and documented at monthly council meetings. Random checks of diary carried out and this would confirm that this does take place
Are staff wages paid appropriately according to village hall activities?			Staff paid salaries – currently furloughed where applicable due to Covid-19. Nice to see the agreement from the council to meet the 20% shortfall

9. Bank Reconciliations			
IS there a bank rec for each account?	Yes		Details of each bank account seen

Reconciliations carried out at least quarterly?	Yes	Reconciliations carried out monthly
Any unexplained balancing entries in reconciliation?	Yes	No unexplained balance entries

10. Year End Procedures		
Year-end accounts prepared on correct accounting basis?	Yes	All clear and simple. Last page signed and other pages initialled
Bank statements and ledger reconcile?	Yes	Evidence in place to show this is happening monthly
Underlying financial trail from records to presented accounts?	Yes	All seen – evidence in place confirming everything discussed at each council meeting
Has Council agreed, signed and minuted sections 1 and 2 of the Annual Return?	Yes	Previous years discussed and signed on June 2019 meeting

11. Miscellaneous		
Have points raised at last audit been addressed?	Yes	Sticking with excel for accounting purposes. Formal system introduced when reclaiming monies spent Insurance cover checked and covers 3 rd party hirers Village hall sale not completed Standardised signing in/out form introduced Cloud based back-up introduced GDPR wording improved
Has the Council adopted a Code of Conduct after July 2012?	Yes	Fully adopted – no variances in place
Are all electronic files backed up?	Yes	Now using Cloud as well as a separate external hard drive
IS GDPR being complied with?	Yes	GDPR audit carried out prior to last internal audit. Happy with systems in place
Do arrangements for public inspection of Council's records exist?	Yes	Appointments can be made to view documents at a neutral venue but that is difficult under current Covid-19 distancing rules
Is the Councils gross annual turnover less than £25k (net of VAT) and if so, has it complied with the Smaller Authorities Regulations 2015?		N/A

Any further additional comments/ notes from Auditor:

Very happy with the audit – nothing causing any concerns. Some difficulty carrying out the audit whilst still obeying the Covid-19 restrictions. That said it was very pleasing to see the

correct measures had been taken and that council meetings were still taking place using video calling technology. Below is a short list of suggestions/comments:

- 1) To aid with accounting I would still recommend looking into specialised accounting software. I understand that it will take a little time for the clerk to learn and implement this but going forwards it will help and provide a uniform method of accounting with telephone support
- 2) Ensure minutes are always signed and initialled by the Chair (or Vice), and that copy to be kept on file.
- 3) Again, recommending keeping any funds from the sale of the current village hall separate from other monies as this will keep reconciliation easier and in one place for the new project
- 4) Pleased to see the implementation of Covid-19 measures (sanitisers on walls – venue deep cleaned). As government are starting to relax the lockdown agreed measures need to be put in force to ensure ongoing safety.
- 5) When the sale of the current building takes place and the new build commences close monitoring should be carried out. I would suggest a separate section is included in the next internal audit
- 6) Separate section to be included in next audit to cover parks as not covered in any depth currently

Internal Audit carried out by: Mark Peterson

Date: 22/05/2020

Signed:

A handwritten signature in black ink, appearing to be 'M. Peterson', with a long horizontal line extending to the right.

Report sent to Council – signed by the Clerk:

Report received by Council – signed by the Chairman: