

**Healing Parish Council**

**Internal Audit Checklist – May 2022**

**For audit for 21/22**

<b>Name of Council</b>	<b>Healing PC</b>	<b>Name of Clerk</b>	<b>Kathy Peers</b>
<b>No of Councillors</b>	<b>7/10 seats occupied</b>	<b>Name of RFO (if not Clerk)</b>	
<b>Quorum</b>	<b>3</b>	<b>Precept</b>	<b>£50,000</b>
<b>Electorate</b>	<b>2447</b>	<b>Gross budgeted income</b>	<b>£78,775</b>

<b>1. Bookkeeping</b>			
Ledger maintained and up to date?	Yes		Ledger presented for checking. All correct and up to date
Arithmetic correct?	Yes		All automated via excel spreadsheet (equations saved into the spreadsheet so manual calculations not required) – also included within the document is a secondary check system.
Evidence of Internal Control?	Yes		Signed by the Chair – evidence of discussions at meetings
VAT evidence, recording and reclaimed?	Yes		Claimed monthly due to the costs associated with the building of the new village hall – see additional comment under notes
Payments supported by invoices, authorised and minuted?	Yes		Strict procedures in place – this can be evidenced through the minutes
S137 separately recorded and within limits?	Yes		Total £1213.99 spent.
S137 expenditure of direct benefit to electorate?	Yes		Spending as follows: £17.99 wreath; £50 poppies; £300 beacon; £800 church grant aid; £25 bouncy castle & £21 for a TEN licence.

<b>2. Due Process</b>			
Standing Orders adopted?	Yes		Carried out at AGM in May. No changes as no changes made by government
Standing Orders reviewed at Annual Meeting?	Yes		Evidenced in the May meeting minutes

Financial Regulations adopted?	Yes		No change as all Financial Regulations have been adopted previously
Financial Regulations tailored to Council?	Yes		No changes to previous year so agreement to continue all regulations
Adequate internal controls for payments?	Yes		Payments now being made using online banking app (through secure council phone) where possible. Only Clerk and Chair have this authority All payments still discussed and minuted at meetings
List of members interests held?	Yes		All available online – all accessible except Cllr S Norton (probably just an IT issue)
Agendas signed, informative and published with 3 clear days' notice?	Yes		Emailed, displayed on noticeboard, and made available online. Past agendas still available online to review
Purchase orders/confirmations raised for all expenditure?	Yes		Still continuing with the best practice of having multiple quotes for works and names removed for complete fairness and integrity.
Legal powers identified in minutes and or cashbook?	Yes		May 2021
Committee Terms of Reference and reviewed?	Yes		Continuation of previous year's agreement

### 3. Risk Management

Does scan of minutes reveal any unusual activity?		No	Scanned through minutes online. Could not see anything of any concern
Annual risk assessment carried out?	Yes		May 2021
Insurance cover in place and appropriate?	Yes		Renewed with existing provider
Evidence of annual insurance review?	Yes		May 2021 – three-year policy taken out
Internal financial controls documented and evidenced?	Yes		All documented, made still easier the more online banking is utilised.
Minutes initialled each page and overall signed?	Yes		Minute file seen
Regular reporting of bank balance?	Yes		Bank statements sent out monthly and discussed at meetings

### 4. Budget

Annual budget to support precept?	Yes		Full detailed budget provided
Has budget been discussed and adopted by Council?	Yes		All minuted
Any reserves earmarked?	Yes		All earmarked funds have now been spent on the new Village Hall.

Any unexplained variances from budget?	Yes		Due to COVID and other external influences material prices for new Village Hall increased by about 30%. No choice other than to absorb this cost. £1,500 spent on new playground equipment
Precept demand correctly minuted?	Yes		All done correctly

<b>5. Payroll - Clerk</b>			
Contract of employment?	Yes		No changes to the Clerk and no changes to contract
Tax code issued?	Yes		BR tax code used as Clerk using her allowance with another parish
PAYE/NI evidenced?	Yes		HMRC payroll software in use
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

<b>6. Payroll - Other</b>			
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 tax codes
Minimum wages paid?	Yes		All being paid national minimum wage. For some of this audit period furlough had still been in place. Top-up of 20% was still paid where relevant
Pension obligations met?	Yes		All below the minimum earnings, but some could be close so see additional notes
Complaints procedures in place?	Yes		All in place, arranged via ERNLLCA

<b>7. Asset Control</b>			
Does Council keep a register of all material assets owned?	Yes		Held on parish computer
Is asset register up to date?	Yes		Updated May 2021

Value of individual assets included?	Yes		Where sensible all assets listed individually purchase price used
Inspected each year and reviewed?	Yes		Carried out on an ongoing basis but confirmed in May
Records of deeds, articles etc. kept?	Yes		Deeds kept as per requirements

<b>8. Village Hall</b>			
Are hirings made and recorded appropriately?	Yes		Diary used to log bookings and requirements
Are payments made and recorded appropriately?	Yes		Payments levels agreed as part of budget meeting. Code system in diary shows payments and refunds made
Are deposits refunded where appropriate?	Yes		Shown in diary and dealt with as part of bank reconciliation
Are diaries and schedules kept and reconciled to invoicing and payments properly?	Yes		Bookings, schedules, incomes, and refunds discussed at monthly meetings
Are staff wages paid appropriately according to village hall activities?	Yes		Staff salaried

<b>9. Bank Reconciliations</b>			
IS there a bank rec for each account?	Yes		Statements sent monthly for review
Reconciliations carried out at least quarterly?	Yes		Full reconciliations carried out monthly
Any unexplained balancing entries in reconciliation?	Yes		Higher spending on new Village Hall than planned but that has been justified. Nothing seen that was unexprcted

<b>10. Year End Procedures</b>			
Year end accounts prepared on correct accounting basis?	Yes		No changes to existing process
Bank statements and ledger reconcile?	Yes		Evidenced in the online minutes
Underlying financial trail from records to presented accounts?	Yes		All seen and very straightforward
Has Council agreed, signed and minuted sections 1 and 2 of the Annual Return?		No	Will be completed at the June meeting

<b>11. New Hall project</b>			
Were all authorisations in place for project running for Hall?	Yes		Everything agreed at the June 21 meeting
Was finance in place for project in line with authorisations from Council?	Yes		Discussed needs and all agreed
How financed?	Yes		Majority from sale of old Village Hall but a loan of £50k also needed, especially considering the increase of material costs
VAT arrangements carried out?	Yes		VAT reclaimed monthly
Invoices in place for expenditure?	Yes		Done via pre-determined stage payments with the builder. Any other costs invoices provided
All due process carried out and has project been completed satisfactorily?	Yes		Just a small "snagging" list left to be completed

<b>12. Miscellaneous</b>			
Have points raised at last audit been addressed?	Yes		Nothing major recommended on last audit but I have repeated recommendation with regards to value of new Village Hall
Are all electronic files backed up?	Yes		Monthly via external hard drive and cloud also being used more and more
IS GDPR being complied with?	Yes		GDPR standards already in place but always discussed should anything new need considering
Do arrangements for public inspection of Council's records exist?	Yes		Appointments can be made but also access to most things is made available online
Is the Council's gross annual turnover less than £25k (net of VAT) and if so, has it complied with the Smaller Authorities Regulations 2015?	N/A		Not Applicable

**Any further additional comments/ notes from Auditor:**

Happy with the audit, again everything required to carry out the audit was provided. Below are some comments for consideration.

Pensions – the minimum earnings for pensions have been reduced to £520 per month so a review of all staff should be carried out

With regards to the new village hall and the assets register, it is my opinion that the hall would have a value greater than just the cost of its construction. Therefore, I would advise asking a

professional for a written valuation – even if only a basic one from Scott’s (the company who have dealt with the sale of the existing hall)

Ensure the Register of Interests is accessible for Cllr S Norton

Due to income being over £200k there is the requirement to publish all payments over £500. This document is available online

VAT – high VAT reclaim, due to the build. Questions were raised with regards to this being above the maximum allowed BUT Clerk showed correspondence from ERNLLCA and HMRC showing this is fine due to the previous underclaims based on a rolling 7-year average

Internal Audit carried out by: Mark Peterson

Date: 08/06/2022

Signed:

Report sent to Council – signed by the Clerk :

Report received by Council – signed by the Chairman: