

INTERNAL AUDIT CHECKLIST

Council: St Cuthbert (Out) Parish Council

Date: 10th June 2024

Appropriate accounting records have been properly kept throughout the year AND Periodic bank account reconciliations were properly carried out during the year		
REVIEW	COMMENT	Action Required
Ensure the correct roll forward figures of the prior year's cashbook balances to the new financial year.	Roll forward figure is £189,026 as stated on the AGAR.	
Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.	Samples checked. No material differences identified.	
Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.	Bank reconciliations are completed monthly and signed off by the Chair at Full Council.	
Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.	End of year bank reconciliation checked and is accurate.	
Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	Authority has increased its balances to £230K at year end. No investment policy is in place.	Recommend that Council develops an investment strategy policy as required by regulations. This was identified during the previous year's internal audit.

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.

REVIEW	COMMENT	Action Required
Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.	Covered in the Financial Regulations. These are available on website and up to date. Standing Orders are also available on the website and up to date. Tenders are published on the website.	Recommend that Council reviews both Standing Orders and Financial Regulations following the recent publication of new Financial Regulations by NALC.
Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents)	Limits are not consistent. Financial Regulations were updated under Contracts Finder but Standing Orders need to be updated to accurately reflect Standing Orders.	See above.
Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.	Payments list produced and signed by two Councillors monthly. Invoices are authorised at Full Council.	
Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.	Appropriate segregation is in place.	
Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements	VAT is claimed quarterly. Q2 claim received 13/11/23 (£1,118.55)	.
Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place	Statements are reconciled on a monthly basis. Limits included in Financial Regulations (£1,000)	

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

REVIEW	COMMENT	Action Required
Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc.	Risk Management Policy Statement and a Risk Register is in place and reviewed.	
Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security.	Insurance policy is in place. Adequate insurance cover is provided.	
Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation.	Annual external risk assessments are carried out as per RoSPA requirements. Assessments carried out monthly by contractor with Councillor visual inspections being undertaken weekly.	
Review the effectiveness of internal control carried out by the authority.	Internal Control policy is in place.	

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

REVIEW	COMMENT	Action Required
Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable.	Correctly minuted.	Recommend that the annual precept amount be included in the minute for transparency.
Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances.	Budget reports are presented to Full Council and reviewed by Committee.	

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		
Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.	Budget reports are provided to Members and scrutinised.	
Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process	Earmarked Reserves set annually and adopted by Full Council. These have been reviewed and uploaded on to the website in September 2023.	
Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts .	Checked.	

Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
Review "Aged debtor" listings to ensure appropriate follow up action is in place.	None identified.	
Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	Allotment rents received. Tenancy agreements are in place and debtors are monitored. Area provided on the website.	
Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)	Council is not a burial authority.	
Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised.	Council is not responsible for hall hire.	

Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time.	No leases identified.	
Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.	Appropriate controls are in place.	
Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked.	Precept received on time and other income received regularly.	

Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area.	Petty cash is not used.	

Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.		
REVIEW	COMMENT	Action Required
Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.	Staff all have contracts.	
Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	No member allowances paid.	

Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.

REVIEW	COMMENT	Action Required
Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours.	All in order. Payments to HMRC identified on monthly expenditure reports.	
Ensure that appropriate tax codes are being applied to each employee.	All in order.	
Where free or paid for software is used, ensure that it is up to date.	Payroll is undertaken in-house with Payroo software.	
For the test sample of employees, ensure that tax is calculated appropriately.	All in order.	
Check the correct treatment of Pension contributions	Nest staff pension scheme in place and payments submitted.	
For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers' allowance is not available to councils but may be used by other authorities	All in order.	
Ensure that the correct employers' pension percentage contribution is being applied	All in order.	
Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.	All in order.	

Asset and investment registers were complete and accurate and properly maintained. This section/assurance includes loans to or by the authority

REVIEW	COMMENT	Action Required
Tangible Assets		
Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net	The asset register is updated annually.	Recommend the revised asset register is uploaded onto the website.

Asset and investment registers were complete and accurate and properly maintained. This section/assurance includes loans to or by the authority

REVIEW	COMMENT	Action Required
of VAT and removing any disposed of or no longer serviceable assets.		
Physically verifying the existence and condition of high value, high risk assets may be appropriate.	Not checked.	
The register should identify for each asset the purchase cost and, if practicable, the replacement/insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.	Asset Register is in place and has been checked.	
Additions and disposals records should allow tracking from the prior year to the current.	Tracking is in place.	
Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals.	Checked and verified.	
Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority.	Asset register and insurance documentation has been cross referenced. Council does have adequate insurance in place.	
Fixed asset investments:		
Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the “Investment Strategy” and reported as Assets in the AGAR at section 2, line 9.	No long-term investments are in place.	
Borrowing & Lending:		
Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	Council has no loans in place.	

Asset and investment registers were complete and accurate and properly maintained. This section/assurance includes loans to or by the authority

REVIEW	COMMENT	Action Required
Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.	No loans issues to local bodies.	

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.

REVIEW	COMMENT	Action Required
To ensure that the financial detail reported at section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year.	Checked and verified.	
Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein.	Not covered.	
Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.	Appropriate accounting records are in place.	

If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.

REVIEW	COMMENT	Action Required
Ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)	Not covered. Council had limited review audit undertaken.	

If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.		
<ul style="list-style-type: none"> the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline that it has been published, together with all required information on the Authority's website and noticeboard 		

The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.		
REVIEW	COMMENT	Action Required
Review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.	Website has relevant document uploaded.	

The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.		
REVIEW	COMMENT	Action Required
Examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.	Published on the website and correct.	
Check whether council has minuted the relevant dates at the same time as approving the AGAR	Not minuted.	Recommend that the dates of the public notice for the exercise of public rights be minuted fully at Council.

The authority complied with the publication requirements for the prior year AGAR.		
REVIEW	COMMENT	Action Required
Ensure that the statutory disclosure/publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.	Requirements met.	

Trust funds (including charitable) - the Council met its responsibilities as a trustee		
REVIEW	COMMENT	Action Required
Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements	Dulcote Recreation Ground	
That the council is the sole trustee on the Charity Commission register	Checked.	
That the council is acting in accordance with the Trust deed	Checked and confirmed.	
That the Charity meetings and accounts recorded separately from those of the council.	Checked and confirmed.	
Review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report .	Checked. Low income.	