

## Humberston Parish Council

### Internal Audit Checklist

<b>Name of Council</b>	<b>Humberston PC</b>	<b>Name of Clerk</b>	<b>Kathy Peers</b>
<b>No of Councillors</b>	<b>12</b>	<b>Name of RFO (if not Clerk)</b>	
<b>Quorum</b>	<b>4</b>	<b>Precept</b>	<b>£70,000</b>
<b>Electorate</b>	<b>5017</b>	<b>Gross budgeted income</b>	

<b>1. Book Keeping</b>			
Ledger maintained and up to date?	Yes		Ledger presented for checking. Chair has signed them all
Arithmetic correct?	Yes		All arithmetic automated via excel spreadsheet.
Evidence of Internal Control?	Yes		Signed by the chair and discussed at council meetings.
VAT evidence, recording and reclaimed?	Yes		VAT Number MV126000102200. Rebate of VAT seen
Payments supported by invoices, authorised and minuted?	Yes		All made available for checking – random selection checked from throughout the year – no issues found
S137 separately recorded and within limits?	Yes		Clearly marked on accounts in separate column. Amount this year was £8.12 per electorate giving a total of £40,738 only £4460.32 was spent
S137 expenditure of direct benefit to electorate?	Yes		All payment made were for benefit of electorate. The largest spending's were on Christmas, marquee and Marie Curie donation

<b>2. Due Process</b>			
Standing Orders adopted?	Yes		Evidence seen in May 2019 meeting. I can see these have been properly minuted confirming the discussions took place
Standing Orders reviewed at Annual Meeting?	Yes		Minuted May 2019
Financial Regulations adopted?	Yes		Minuted May 2019
Financial Regulations tailored to Council?	Yes		Evidence of financial regulations discussed and the outcome being to continue conforming to all regulations
Adequate internal controls for payments?	Yes		Documentation in place for all payments which are made
List of members interests held?	Yes		All documented – members interests noted when first joining the council and updated as and when changed happen. Register of

			interests held is available on the Parish Council website
Agendas signed, informative and published with 3 clear days' notice?	Yes		Made available on the website. Published a full week before the meeting
Purchase orders/confirmations raised for all expenditure?	Yes		Evidence seen of multiple quotes being obtained (where possible). These are being signed when opened and presented anonymously at meeting. Minuted evidence of discussions taking place at council meetings before any payments made or works being agreed to.
Legal powers identified in minutes and or cashbook?	Yes		Minuted in May 2019 meeting
Committee Terms of Reference and reviewed?	Yes		There is a committee for the allotments with the only other committee being the Personnel Committee, which must be kept separate

<b>3. Risk Management</b>			
Does scan of minutes reveal any unusual activity?	Yes		Nothing unusual seen or noted. Chair has signed the minutes and initialled individual pages
Annual risk assessment carried out?	Yes		Everything owned by the council has its own risk assessment carried out. A separate risk assessment is also carried out for the park. It has also been noted that the 5-year assessment has just been carried out on the hall
Insurance cover in place and appropriate?	Yes		Insurance provided by specialist company. 3 <sup>rd</sup> Party renters cover now confirmed and provided
Evidence of annual insurance review?	Yes		Minuted May 2019
Internal financial controls documented and evidenced?	Yes		Minuted May 2019 Electronic banking introduced which has eased this
Minutes initialled each page and overall signed?	Yes		No issues
Regular reporting of bank balance?	Yes		Carried out monthly. Evidence seen and signed each time

<b>4. Budget</b>			
Annual budget to support precept?	Yes		In-depth budget seen
Has budget been discussed and adopted by Council?	Yes		Minutes seen for this meeting – no issues or questions raised
Any reserves earmarked?	Yes		No reserves kept separately
Any unexplained variances from budget?	Yes		None
Precept demand correctly minuted?	Yes		Minuted January 2020 meeting

<b>5. Payroll – Clerk</b>			
Contract of employment?	Yes		No change from previous year
Tax code issued?	Yes		Standard code used as Clerk has chosen this parish as principle place of employment
PAYE/NI evidenced?	Yes		HMRC payroll software used
Has Council approved salary paid?	Yes		Signed confirmation held on file. Rate of pay set, annual increases in line with government scale. Discussed and agreed at Personnel Committee meetings
Any other payments reasonable and approved by Council?	Yes		Travel allowance agreed – all claims for travel agreed by council and would appear reasonable

<b>6. Payroll – Other</b>			
Contracts of employment?	Yes		Contract reviews to be carried out this coming year. One member of staff is still on a very old contract
Does Council have public liability cover?	Yes		Provided by specialist company – no issues
Tax codes used?	Yes		Everyone on standard HMRC codes
Minimum wages paid?	Yes		All paid national minimum wage. Due to Covid-19 all members of staff have been furloughed – apart from the litter picker as those duties are still required
Pension obligations met?	Yes		Two members of staff are members of the pension scheme
Complaints procedures in place?	Yes		Complaints procedure in place – referred via ERNLLCA

<b>7. Asset Control</b>			
Does Council keep a register of all material assets owned?	Yes		List held on parish computer.
Is asset register up to date?	Yes		Updated register seen. Two new marquees added and benches. All new items added to insurance policy
Value of individual assets included?	Yes		All assets listed separately where possible to do so
Inspected each year and reviewed?	Yes		Confirmation of inspection/review in May 2019 minutes
Records of deeds, articles etc. kept?	Yes		All records kept. A review of storage, retention and disposal is currently underway and will be implemented when agreed upon

<b>8. Cemetery</b>			
Are bookings recorded and handled appropriately?	Yes		Council are members of HAHA and work to their guidelines. A proforma is in place for booking and burials – this seems more than adequate to ensure that errors do not happen. Payment rates set annually at council meeting
Are payments recorded and actioned?	Yes		Shown separately in the accounts, system shows booking made and that payments have been received. Procedure in place to chase late payers
Are regulations complied with including PC's own rules and regulations?	Yes		Use the HAHA standards as this makes most sense. Discussed, agreed and minuted in January meeting

<b>9. Allotments</b>			
Are tenancy agreements issued yearly?	Yes		Annual meeting held on site where tenants can renew and discuss the agreements
Are rents collected appropriately and banked?	Yes		Rents ideally collected at above meeting. Any missing are then chased
Are the PC's own regulations complied with?	Yes		Evidence seen for following council set protocols. Additional protocols discussed and implemented for Covid-19

<b>10. Village Hall</b>			
Are hirings made and recorded appropriately?	Yes		Hall schedule (diary) is reviewed at monthly council meetings. Diary page divided into two to show the two halls as opposed to two diaries being used. No discrepancies noted
Are payments made and recorded appropriately?	Yes		Payment for hirers is standardised and set at budget meeting. This ensures everyone knows what payments are required. Payments for hirings are reviewed and confirmed at each council meeting
Are deposits refunded where appropriate?	Yes		Refunds all noted in diary with an "R" and crossed reference with the bank reconciliation now using internet banking
Are diaries and schedules kept and reconciled to invoicing and payments properly?	Yes		All discussed and documented at monthly council meetings – random check carried out to confirm this does take place
Are staff wages paid appropriately according to village hall activities?	Yes		Staff are salaried and this is reviewed at annual appraisal. Only one member of staff is paid for each time they must be present open and close the hall

<b>11. Bank Reconciliations</b>			
Is there a bank rec for each account?	Yes		Documentation seen – all signed by Chair
Reconciliations carried out at least quarterly?	Yes		Carried out monthly
Any unexplained balancing entries in reconciliation?	Yes		No unexplained balancing entries

<b>12. Year End Procedures</b>			
Year end accounts prepared on correct accounting basis?	Yes		All clear and simple. Last page signed and all other pages initialled
Bank statements and ledger reconcile?	Yes		Evidence in place (initials and minutes) to show this is carried out monthly
Underlying financial trail from records to presented accounts?	Yes		All seen – evidence in place showing discussed at each council meeting
Has Council agreed, signed and minuted sections 1 and 2 of the Annual Return?	Yes		Carried out at June 2019 meeting for previous years return

<b>13. Miscellaneous</b>			
Have points raised at last audit been addressed?	Yes		All points discussed – all implemented apart from the introduction of standardised accounting software.
Has the Council adopted a Code of Conduct after July 2012?	Yes		Fully adopted and minuted – no variances in place
Are all electronic files backed up?	Yes		Pleased to see (as per recommendations last year) as well as using a separate hard-drive a cloud-based system is now also in use for data back-ups
IS GDPR being complied with?	Yes		Additional suggestion (slight change to wordings in minutes) in last year's audit has been implemented. Happy that continuing GDPR is being considered
Do arrangements for public inspection of Council's records exist?	Yes		Appointments can still be made, despite covid-19 restrictions being in-place, to view and documents at a neutral location
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?	Yes		N/A

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

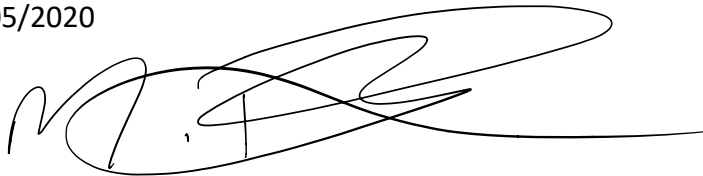
**Very happy with the overall audit – nothing to cause concern. Clerk was very amenable during the audit having everything available for checking. The suggestions made at the last audit were implemented. Below are notes of further discussions which took place, these may assist the council going forwards, but these are only suggestions at this stage NOT recommendations**

- 1) I understand that a formalised accounting software discussion has taken place, and it was decided to continue using Excel as it does a more than adequate job, also it is system known to the Clerk. Whilst it is nothing more than a suggestion, I do still recommend this is considered further as it could seriously help going forwards and would offer an element uniformity. I take on board that time would be required learning the software, but most providers now offer a one-day training course as well as excellent telephone support.
- 2) With regards to document retention the keeping of “Booking Sheets” was discussed. The only other information held on here is the bookers account details. As this is sensitive information and not required, I would advise destruction once the refund has been made and confirmed via banking.
- 3) Happy to see the strict implementation of Covid-19 restrictions and guidelines.

Internal Audit carried out by: Mark Peterson

Date: 20/05/2020

Signed:

A handwritten signature in black ink, appearing to be 'M. Peterson', written over a horizontal line.

Report sent to Council – signed by the Clerk :

Report received by Council – signed by the Chairman: