

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

Clerk	Sue Norledge	RFO (If different)	
No. of Councillors	6	Quorum	3
Precept	£20,918	Electorate	953
Gross budgeted income	£33,952	Council Tax Authority	Charnwood Borough Council (CBC)

1. Book Keeping					Evidence/Comments/Recommendations
1.1	Ledger maintained and up to date?	Yes	No	n/a	Excel based cash book. Balanced monthly and at year end.
1.2	Arithmetic correct?	Yes	No	n/a	
1.3	Evidence of Internal Control?	Yes	No	n/a	Key areas of internal control applied include: Internal audit, Risk Assessment policy, Statement of Internal Control, quarterly budgetary control and monitoring, monthly bank reconciliation review by Council.
1.4	VAT evidence, recording and reclaimed?	Yes	No	n/a	VAT normally is normally reclaimed when there is a sufficient amount to claim, but at least annually. Last reclaim to 31/03/19. The claim for year to 31/03/20 is pending. No known VAT inspections.
1.5	Payments in ledger supported by invoices, authorised and minuted?	Yes	No	n/a	See Appendix 2: Transaction Spot Check.
1.6	S137 separately recorded and within statutory limits?	Yes	No	n/a	A separate S137 account is maintained in the cash book to record S137 expenditure, called 'Donations'.
1.7	S137 expenditure of direct benefit to electorate?	Yes	No	n/a	All S137 expenditure incurred in the current financial year was in respect of activities relevant to the parish.

2. Due Process					Evidence/Comments/Recommendations
2.1	Standing Orders adopted since 2013?	Yes	No	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	No	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review. Normally reviewed at the Annual Meeting.

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

2.3	Financial Regulations adopted?	Yes	No	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
2.4	Financial Regulations properly tailored to Council?	Yes	No	n/a	Current NALC model applied, adapted to suit the needs of the Council.
2.5	Equal Opportunities Policy adopted?	Yes	No	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
2.6	RFO appointed?	Yes	No	n/a	Sue Norledge was appointed Clerk to the Council on 05/01/04, which included responsibility as the RFO.
2.7	Adequate internal controls for payments?	Yes	No	n/a	See Statement of Internal Control and Financial Regulations.
2.8	List of member interests held?	Yes	No	n/a	The Clerk maintains and updates the list of member's interests as required. A link, is available on the parish council website, to the list of member's interests held at Charnwood Borough Council.
2.9	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	No	n/a	Normally 7 days prior to the Council meeting the clerk prepares and signs the council meeting agenda, which lists matters for discussion and is posted on the Council's website and on notice boards around the village.
2.10	Purchase orders raised for all expenditure?	Yes	No	n/a	Financial Regulations determine how commitment to purchase is made. In practice, documentation e.g. letter, email, contract, purchase order, or equivalent purchase confirmation, is raised for all expenditure, where possible.
2.11	Purchasing authority defined in Financial Regulations?	Yes	No	n/a	See pages 4, 10, 11.
2.12	Legal powers identified in minutes and/or accounts?	Yes	No	n/a	Whilst the applicable legal power is not specifically noted in the minutes or the accounts, it is the responsibility of the Clerk to ensure that the Council applies the correct legal power.
2.13	Committee terms of reference exist and have been reviewed?	Yes	No	n/a	No committees of Council.
2.14	Web site exists and is regularly updated?	Yes	No	n/a	See: https://www.rearsbypc.org.uk/

3. Risk Management					Evidence/Comments/Recommendations
3.1	Does a scan of the minutes reveal any unusual activity?	Yes	No	n/a	Review of minutes undertaken and reviewed with Clerk on 21/05/20, via Zoom.

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

3.2	Annual risk assessment carried out?	Yes	No	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
3.3	Insurance cover appropriate and adequate?	Yes	No	n/a	See Appendix 1B: Key Policies, Procedures & Documentation Review.
3.4	Does the Council have public liability cover?	Yes	No	n/a	Indemnity limit £10M.
3.5	Evidence of annual insurance review?	Yes	No	n/a	Competitive quotes are sought at renewal.
3.6	Internal financial controls documented and evidenced?	Yes	No	n/a	See Statement of Internal Control.
3.7	Minutes initialed, each page identified and overall signed?	Yes	No	n/a	The chair of the meeting, approving the minutes presented, initials each page of the minutes and then signs and dates the minutes. Each minute is identifiable by a unique reference number and each page of the minutes is numbered.
3.8	Regular reporting and minuting of bank balances?	Yes	No	n/a	Bank reconciliations, together with the relevant bank statements, are presented to the Council at every meeting, to review, approve and minute as part of the financial reporting.
3.9	S137 expenditure minuted?	Yes	No	n/a	S137 expenditure incurred is specifically identified as S137 expenditure in the minutes.

4. Budget					Evidence/Comments/Recommendations
4.1	Annual budget to support precept?	Yes	No	n/a	Detailed budget prepared annually by the Clerk, for review and approval by the Council.
4.2	Has budget been discussed and adopted by Council?	Yes	No	n/a	Minute no; 19/05a. Meeting; 04/01/19.
4.3	Has the Council adopted a Reserves Policy?	Yes	No	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
4.4	Any reserves earmarked?	Yes	No	n/a	There were nil earmarked reserves at the financial year-end, leaving free reserves (General Fund) of £33,263. Free reserves at the financial year-end represented 159% of the 2019-20 precept of £20,918 (166% in the previous year)

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

					<p>Recommendation b/f from previous year's internal audit report:</p> <p style="color: red;">That given the current level of funds held by the Council, a reserves policy should be considered, or a simple statement approved, which determines the minimum level of free reserves that should be held, as a percentage of the annual precept.</p> <p style="color: red;">As part of a reserves policy, Council should also consider if any of the current free reserves can be earmarked to cover future expenditure commitments e.g. for the acquisition and development of the Conker field.</p> <p>Current Status:</p> <p>Minutes of the Council meeting of 04/07/19, minute no. 1951h, considered this recommendation from the 2019 internal audit report and stated that 'A reserves policy will be considered when the budget for the Conker Field is decided'. However, there is no evidence in subsequent minutes that any progress was made on this matter i.e. no further mention of a reserves policy in the minutes or any reserves earmarked at the 31/03/20 year end..</p> <p style="color: red;">PENDING C/F. Given the current level of free reserves, there is considerable scope for the Council to EARMARK some of this towards expenditure on the Conker Field development and still retain a realistic balance in free reserves e.g. 50% of the annual precept, as is the norm in most reserves policies of local councils .</p>
4.5	Any unexplained variances from budget?	Yes	No	n/a	
4.6	Precept demand correctly minuted?	Yes	No	n/a	Minute no; 19/5a. Meeting; 04/01/19.
	<p>WORDING FOR THE MINUTES FOR THE APPROVAL OF THE ANNUAL BUDGET ND PRECEPT (as recommended by LRALC in a parish council Governance Health Check 2018)</p> <p><i>That Council confirms its budget for 20xx-yy financial year showing estimated payments of £xxx, estimated income of £xxx and a £xxx contribution from reserves, resulting in a net cost to ABC Parish Council of £xxx and that a precept be made on xyz Borough/District Council in the sum of £xxx equating to approximately £xxx Band D and a xx% increase for the financial year 20xx-yy. To be paid in two equal instalments of £xxx by 30th April 20xx and £xxx by 30th September 20xx.</i></p>				<p>Recommendation b/f from previous year's internal audit report:</p> <p style="color: red;">That the distinction between the Council's budget and precept requirements is recognised in the minutes i.e. that the precept, whilst the key funding element of the Council's total expenditure budget, is not necessarily, the same figure as the Council's total budget requirement i.e. total expenditure.</p> <p>Current Status:</p> <p style="color: red;">Recommendation updated. See wording alongside, which could be considered for the 2021/22 budget and precept approval minuting.</p>

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

5. Payroll					Evidence/Comments/Recommendations
5.1	Contracts of employment?	Yes	No	n/a	Issued for the Clerk (only employee), from 01/04/16.
5.2	Tax code issued / contracted out?	Yes	No	n/a	Via monthly outsourced payroll (Ladywell Accounting Services).
5.3	PAYE / NI evidence?	Yes	No	n/a	End of year PAYE/NI returns submitted on time to HMRC.
5.4	Has Council approved salaries paid?	Yes	No	n/a	The Clerk is paid monthly in arrears, on submission of a claim form. Council approve the Clerks salary and expenses for payment, as part of the expenditure approval process. The Clerk's salary is approved within the setting of the annual budget.
5.5	Other payments reasonable and approved by Council?	Yes	No	n/a	Business mileage and out of pocket expenses are reimbursed to the Clerk. This is primarily for the reimbursement of online purchases made on behalf of the Council. Business mileage reimbursed at £0.45/mile (HMRC tax free limit). Expenses are reimbursed through an expense claim and reimbursed with together with the salary. In addition to the salary the Clerk receives £400 allowance (gross) for working from home.
5.6	Council registered with Pensions Regulator?	Yes	No	n/a	The Council is registered for pensions auto enrolment and had a staging date of November 2017. However, because of the applicable salary, the Clerk is not considered eligible for pension's auto enrolment and the therefore Council has not set up a default pension scheme. As such the Council considers that it is compliant with the requirements of pensions auto enrolment. It is expected that a redeclaration of compliance will be submitted to the Pensions Regulator in 2020.
5.7	Pensions duties reviewed at each payroll?	Yes	No	n/a	
5.8	Does the Council have employers' liability cover?	Yes	No	n/a	£5M (as part of the general insurance policy).
5.9	Minimum wage paid?	Yes	No	n/a	Clerk paid above the applicable minimum wage.
5.10	Disciplinary and Grievance procedures in place?	Yes	No	n/a	Included in the Clerk's' contract of employment.

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

6. Asset Control					Evidence/Comments/Recommendations
6.1	Does the Council keep a register of all material assets owned?	Yes	No	n/a	Maintained in manual format
6.2	Is the asset register up to date?	Yes	No	n/a	<p>Recommendation b/f from previous year's internal audit report: See Transaction Spot Check (no. 2, kissing gate ex Secure A Field needs to be added).</p> <p>Current Status: ✓ ACTIONED. Added to asset register as at 31/03/20</p>
6.3	Value of individual assets included in the asset register?	Yes	No	n/a	Any addition to the asset register is normally based on materiality rather than a fixed minimum value. Assets are listed separately in the asset register.
6.4	Assets inspected for risk and up to date inspection records exist?	Yes	No	n/a	Based on a rota a councillor inspects the village assets e.g. play areas, on a monthly basis and reports back to the Council i.e. reviewed and minuted under a fixed agenda item. Play equipment checked annually by ROSPA accredited inspectors, with report to the Clerk All reports retained by the Clerk.
6.5	Record of deeds, articles and land register references available?	Yes	No	n/a	Legal documents, deeds etc. for all land and properties owned by the Council are kept securely by the Clerk. NB: deeds etc. for the recently acquired Conker Field currently with the Council's solicitors.
7. Bank Reconciliations					Evidence/Comments/Recommendations
7.1	Is there a bank reconciliation for each account?	Yes	No	n/a	All bank accounts have been reconciled to date i.e. 31/03/20. The Clerk is responsible for preparing the bank reconciliations from the online and monthly statements from Unity Trust. The bank balance on each account is reported to each meeting of Council. Bank reconciliations for each bank account are reported quarterly to the Council for review and signing off.
7.2	Reconciliation carried out on receipt of statement?	Yes	No	n/a	
7.3	Any unexplained balancing entries in any reconciliation?	Yes	No	n/a	
7.4	Is the bank mandate up to date for each account?	Yes	No	n/a	See Appendix 1C: Key Policies, Procedures & Documentation Review. Mandate updated following the May 2019 Council elections.

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

8. Income Controls					Evidence/Comments/Recommendations
8.1	Is income properly recorded and promptly banked?	Yes	No	n/a	Outside of the precept, the VAT reclaim and bank interest, most of the income received arises from on-off grants and donations. For all relevant income, a receipt will be issued, and the monies banked correctly.
8.2	Recorded precept agrees to the Council Tax authorities notification?	Yes	No	n/a	Paid in 2 instalments by CBC (April & September).
8.3	Are security controls over cash adequate and effective?	Yes	No	n/a	Normally no cash transactions.

9. Petty Cash					Evidence/Comments/Recommendations
9.1	Does the Council hold a petty cash float?	Yes	No	n/a	The council does not operate any petty cash floats. Any small expenditure items incurred will normally be paid personally by the Clerk, which is then reimbursed through the Clerk's expense claim.
9.2	Is petty cash expenditure recorded in the Petty Cash Account?	Yes	No	n/a	
9.3	VAT receipts obtained for petty cash expenditure where applicable?	Yes	No	n/a	
9.5	Is petty cash expenditure reported and approved by the Council?	Yes	No	n/a	The expenditure claim from the Clerk will be presented to Council for approval as part of the normal expenditure approval process.
9.6	Is petty cash reimbursement carried out regularly?	Yes	No	n/a	

10. Year End Procedures					Evidence/Comments/Recommendations
10.1	Year-end accounts prepared on. correct amounting basis?	Yes	No	n/a	Receipts & Payments basis.
10.2	Bank statements and ledger accounts reconcile?	Yes	No	n/a	A full reconciliation of the bank statement to the corresponding account in the ledger as at 31 st March was prepared and reviewed and will be approved by the Council in accordance with current regulations.

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

10.3	Underlying financial trail from records to presented accounts?	Yes	No	n/a	The Excel based accounting system provides a satisfactory audit trail to the underlying financial records.
10.4	Where appropriate, debtors and creditors properly recorded?	Yes	No	n/a	Debtors and creditors are not currently required to be recorded separately in the accounts (i.e. Receipts & Payments basis). Approved expenditure payments are made as promptly as possible, dependent on the date of the Council meeting where approval is given. Any income payments due will be monitored to ensure that payment is received in accordance with applicable payment terms.
10.5	Sections 1 & 2 of the Annual Return signed and minuted by the Council?	Yes	No	n/a	Section 1 and 2 to be signed in accordance with current guidelines for the completion of the 2020 AGAR and minuted separately. Please forward copies when signed and minuted.

11. Cemeteries					Evidence/Comments/Recommendations
11.1	Cemetery regulations adopted and up to date?	Yes	No	n/a	The Council is not a burial authority.
11.2	Registers of burials and purchased graves completed correctly?	Yes	No	n/a	
11.3	Burial certificates being issued correctly?	Yes	No	n/a	
11.4	Green Slips returned appropriately to Registrar?	Yes	No	n/a	
11.5	Cemetery burial plan up to date and backed up?	Yes	No	n/a	

12. Transparency Code (mandatory for Councils under £25k turnover)					Evidence/Comments/Recommendations
12.1	All items of expenditure above £100 published by 01 July 2019?	Yes	No	n/a	All expenditure recorded in the minutes and published on website.
12.2	End of year accounts published by 01 July 2019?	Yes	No	n/a	AGAR Section 2 published on Council website.
12.3	Annual Governance Statement Published by 01 July 2019?	Yes	No	n/a	AGAR Section 1 published on Council website.
12.4	Internal Audit Report published by 01 July 2019?	Yes	No	n/a	AGAR AIAR published on Council website.

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

12.5	Councillor responsibilities published by 01 July 2019?	Yes	No	n/a	Integral part of Council website.
12.6	Asset register published by 01 July 2019?	Yes	No	n/a	<p>Recommendation b/f from previous year's internal audit report:</p> <p>That the asset register as at 31/03/19 is published on the Council website by 01/07/19.</p> <p>Current Status:</p> <p>✓ ACTIONED as recommended.</p>
12.7	Agendas and meeting papers. published with 3 clear days?	Yes	No	n/a	See section 2.9 above.
12.8	(Draft) Minutes published within 1 month of the meeting?	Yes	No	n/a	Draft minutes uploaded for meetings of Council immediately after the applicable meeting.

13. Miscellaneous					Evidence/Comments/Recommendations
13.1	Evidence that internal & external audit reports received & actioned?	Yes	No	n/a	<p>No evidence that either the internal or external audit reports were presented to the Council for consideration and any agreed actions.</p> <p>Recommendation b/f from previous year's internal audit report:</p> <p>That the reports received from both internal and external auditors are presented to Council for consideration and actions to be taken are minuted.</p> <p>Current Status:</p> <p>The 2019 internal audit report was considered by Council on 04/07/19, minute 19/51c .Points raised noted and actioned or pending action. The external auditor report was considered by the Council on 03/10/19, minute no. 19/68g and there were no actions raised by the external auditor.</p> <p>✓ ACTIONED as recommended.</p>
13.2	Code of Conduct adopted since 2012?	Yes	No	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
13.3	Is eligibility for the General Power of Competence properly evidenced?	Yes	No	n/a	
13.4	Does the Council have a Complaints Policy?	Yes	No	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL


13.5	Are all electronic files backed up?	Yes	No	n/a	Data on the Clerk's Council dedicated PC is backed up to 2 memory sticks, one kept at home, the other offsite.
13.6	Arrangements for public inspection of the Council's records exist?	Yes	No	n/a	Notice of audit displayed as per external instructions. Outside of this period, inspection of records can be undertaken by prior appointment. Key documents published on Council website.

14. Charities					Evidence/Comments/Recommendations
14.1	Charities reported and accounted separately?	Yes	No	n/a	N/A. The Council is not a trustee, nor involved in the administration of any charity.
14.2	Have the accounts been separately audited?	Yes	No	n/a	
14.3	Have the accounts been filed within the legal time limits?	Yes	No	n/a	
14.4	Has the Annual Return been filed within the legal time limits?	Yes	No	n/a	

Internal Audit Checklist for Year Ending 31 March 2020

REARSBY PARISH COUNCIL

Annual Return		Year Ending 31 March 2019	Year Ending 31 March 2020
1	Balances brought forward	£ 18,637	£ 33,970
2	Annual precept	£ 20,508	£ 20,918
3	Total other receipts	£ 13,510	£ 2,217
4	Staff costs	£ 4,709	£ 4,567
5	Loan interest / capital repayments	£ 0	£ 0
6	Total other payments	£ 13,976	£ 19,274
7	Balances carried forward	£ 33,970	£ 33,264
8	Total cash and investments	£ 33,970	£ 33,264
9	Total fixed assets and long-	£ 116,742	£ 118,295
10	Total borrowings	£ 0	£ 0
	Date Annual Return data completed and cross referenced?	02/06/2019	21/05/20

Internal audit carried out by	 (signed)	R F Willcocks (print)
Audit type (delete as appropriate)	Interim	Final

For internal auditor's use only:	
Annual Internal Audit Report completed and signed	Date: 21/05/2020
Report / Letter sent to Council	Date: 21/05/2020