

## INTERNAL AUDIT CHECKLIST

Council: Martock Parish Council

Date: 28<sup>th</sup> June 2023

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.	All in order.	
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.	All in order.	
Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.	Reconciliations are prepared on a regular basis and the current bank balances included in the agenda and minutes and published on the website.	Ensure that bank reconciliations are prepared on a regular basis, signed off by Council or committee and uploaded on to the website.
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.	All in order.	
Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	Council currently has balances exceeding £100,000. Reserves policy is in place as recommended by the previous internal audit.	Consider developing an investment strategy to take advantage of higher interest rates at present. Note that any long-term investment over one year will need to be included in your asset register.

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.	All in order.	
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)	All in order. Noted that Contracts Finder limits have increased to £30,000 inclusive of VAT.	Consider amending financial regulations to explicitly indicate that the £30,000 threshold is inclusive of VAT.
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.	Procedures are appropriate. Accounts for payment are considered by Council. Reports are now provided regularly by the RFO and generated from the software.	
Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.	All in order.	
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	All in order.	
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	All in order.	

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 Strategy in place and is being reviewed at present.	Recommend this is published on the website when adopted.
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.	All in order. Adequate insurance cover is in place.	Recommend that Council considers a revaluation of build costs for its building due to impact of inflation and Brexit on raw material costs to ensure insurance cover is adequate.
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.	Quarterly inspections of the play area are undertaken and Issues identified are addressed.  Some visual inspections are also carried out.	Ensure that any issues identified are addressed in a timely manner.
Review the effectiveness of internal control carried out by the authority.	All in order.  Noted that an additional account has been identified. Council needs to investigate this and decide whether it should take the account over or retain current arrangements.	Recommend that a decision is made regarding the control of the account that was recently identified and had been in place prior to 2016.

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.	All in order	

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		
Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances.	All in order now.	Recommend that quarterly budget reports are presented to Council and that these are published on the website.
Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.	Budget monitoring reports are now produced monthly and presented to Council.	
Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process	All in order.	
Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the <a href="#">public record of precepted amounts</a> .	All in order.	

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.	All in order.	Council is considering obtaining software to manage its allotments.
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:	Register of Burials, Register of Graves and Register of Purchased Graves in place.	Recommend that Council considers digitalising the burial records to ensure business continuity and accuracy. Software is being considered.

Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
(Authorities should also acquire and retain copies of <a href="#">Burial / Cremation certificates</a> )		
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.	Booking system in place but needs to be digitalised.	Recommend that Council considers purchasing a booking package for all its hireable spaces
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.	All in order.	
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.	All in order.	
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.	All in order.	

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.	No petty cash account is in place.	
Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc).	N/A	

Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held.	N/A	
Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.	N/A	
Ensure that VAT is identified wherever incurred and appropriate.	N/A	
Physically check the petty cash and other cash floats held.	N/A	
Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings.	N/A	

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.	Recommend that these be reviewed in partnership with HR support.
Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	No members allowances paid.	
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.	
Ensure that appropriate tax codes are being applied to each employee.	All in order.	

Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.		
Where free or paid for software is used, ensure that it is up to date.	All in order.	
For the test sample of employees, ensure that tax is calculated appropriately.	All in order.	
Check the correct treatment of Pension contributions	All in order.	
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. Pension scheme is in place.	
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		
<b>REVIEW</b>	<b>COMMENT</b>	<b>Action Required</b>
<b>Tangible Assets</b>		
Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of or no longer serviceable assets.	Asset register in place and updated for year end 2022/23. Balances with AGAR.	Recommend that register is uploaded on to website.
Physically verifying the existence and condition of high value, high risk assets may be appropriate.	Evidence of assets provided.	
The register should identify for each asset the purchase cost and, if practicable, the replacement/insured cost, the latter being	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
updated annually and used to assist in forward planning for asset replacement.		
Additions and disposals records should allow tracking from the prior year to the current.	All in order.	
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.	All in order.	
Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority.	All in order.	
<b>Fixed asset investments:</b>		
Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the <a href="#">“Investment Strategy”</a> and reported as Assets in the AGAR at section 2, line 9.	All in order.	
<b>Borrowing &amp; Lending:</b>		
Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	All in order.	
Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt.	All in order.	
Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5	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
Ensure that the outstanding loan liability as at 31 <sup>st</sup> March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified via the <a href="#">DMO website</a> )	All in order.	
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.	All in order.	

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.	All in order.	
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.	All in order.	
Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.	All in order. Council uses the Rialtas Omega Accounting system.	

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
<p>Ensure that, all <a href="#">relevant criteria</a> are met (receipts and payments each totalled less than £25,000)</p> <ul style="list-style-type: none"> <li>the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline</li> <li>that it has been published, together with all required information on the Authority's website and noticeboard</li> </ul>	N/A	

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
<p>Review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.</p>	<p>All in order. Previous AGARs published so meeting the 5 year historical requirement.</p>	

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
<p>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.</p>	<p>2021/22 missed the first 10 days of July.</p>	<p>Recommend that the public notice be reviewed and checked.</p>
<p>Check whether council has minuted the relevant dates at the same time as approving the AGAR</p>	<p>To be approved.</p>	

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.	All in order.	

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	N/A	
That the council is the sole trustee on the <a href="#">Charity Commission register</a>	N/A	
That the council is acting in accordance with the Trust deed	N/A	
That the Charity meetings and accounts recorded separately from those of the council.	N/A	
Review the level and activity of the charity and where a risk based approach suggests such, review the <a href="#">Independent Examiners report</a> .	N/A	