

INTERNAL AUDIT CHECKLIST

Council: Hutton Parish Council

Date: 23rd 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.	<p>According to the bank accounts, as at 1st April 2022 Council balances were as follows:</p> <ul style="list-style-type: none"> • Current: £2,000.00 • Reserve: £23,163.58 • Bonus Saver: £6,577.51 • Total: £31,741.09 <p>AGAR states £25,408 Scribe states £31,931.09</p> <p>This needs to be reviewed and, subject to final calculations, restated on the AGAR.</p> <p>Please check all account balances as at 31st March 2022.</p>	Balances carried forward require further review as the AGAR balance carried forward is believed to be incorrect.
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 financial transactions have been checked against bank statements. The sample checked was correct.	
Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.	It is not clear whether reconciliations had been undertaken during the financial year. From April 2022 to December 2022 a list of income and expenditure was duly signed by two members and this has been published on the website.	Recommend that bank reconciliations are presented to Council monthly and signed off by two members. The reconciliations should then be published on the Council's 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.	The end of year Bank Reconciliation is accurate and reflects the balances on the bank statement.	
Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	Authority has balances of approximately £8k at year end. No investment strategy required.	Concern that the Council's balances are very low. This needs to be addressed. Council should hold a minimum of 3 months expenditure as balances, preferably 6 months.

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.	<p>Procurement procedures covered by Financial Regulations.</p> <p>The Financial Regulations need to be updated to reflect the latest NALC model as they do not include Contract Finder details (Section 10) which has increased to £30,000 inc VAT.</p> <p>The link to Standing Orders on the website is not working. Standing Orders have not been checked.</p>	<p>Review FRs to reflect the most recent NALC regulations.</p> <p>Recommend that Standing Orders are also reviewed to reflect the latest version from NALC.</p> <p>There are two different sets of Financial regulations on the website, both different versions. Please review and update.</p>
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)	Unable to review.	Ensure that both Standing Orders and Financial Regulations correctly cross reference with regard to contracts and financial limits, and that the figures are the same in both documents.
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	System is satisfactory for the size of Council.	It is noted that the Council is currently facing various challenges. The accounts are in good order now and financial information is reported to Council and approved accordingly.

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
providing for evidencing of these checks and payment authorisation.		
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	It appears that VAT is claimed annually and is correct. Claim received in October 2022.	
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	Debit card is not in use.	

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 Register is in place and uploaded on to the website. Reviewed in December 2022.	
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. The 2021/22 policy is uploaded on to the website.	
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	Council is responsible for play areas. Quarterly inspections are carried out by GB Sports. Payments made in December for September and December inspections.	

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		
REVIEW	COMMENT	Action Required
inspectors or, if by officers or members, that they have received the appropriate training and accreditation.		
Review the effectiveness of internal control carried out by the authority.	Internal audit controls are appropriate for the size of Council.	Recommend that Council considers developing an internal controls policy document.

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 and minutes checked.	
Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances.	A Budget has been developed and uploaded on to the website with explanations. Expenditure variances relate to investment in the play area and additional staff. Income includes grants.	
Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.	Regular financial reports are presented to Council and minuted appropriately.	
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 and project list in place as part of the budget.	
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 .	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.	Allotment site managed by Council. Council Allotment Committee set up to manage the site.	
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)	N/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.	Council hires out the Scout Hut and received income which is correctly recorded. Hire can be made via the Office or online.	
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. Income reported monthly.	
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. 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.	N/A. Petty cash is not used.	
Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc).	N/A	
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.	All staff are provided with a contract.	

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 appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	No member 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.	Payslips reviewed.	May need to review Orderly hourly rate as it is £9.50 and may be under minimum wage.
Ensure that appropriate tax codes are being applied to each employee.	Sample checked was correct.	
Where free or paid for software is used, ensure that it is up to date.	Payroll is undertaken externally.	
For the test sample of employees, ensure that tax is calculated appropriately.	Sample checked was correct.	
Check the correct treatment of Pension contributions	There is no pension scheme in place.	Council may need to consider offering its employees access to a pension scheme.
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	N/A	
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. Payments to HMRC has been made.	

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 of VAT and removing any disposed of or no longer serviceable assets.	The asset register is updated annually.	
Physically verifying the existence and condition of high value, high risk assets may be appropriate.	Not covered.	
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 has not been checked.	
Additions and disposals records should allow tracking from the prior year to the current.	No disposal of assets identified during the financial year.	
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.	To be confirmed once AGAR has been amended.	
Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority.	Not checked.	
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 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
Borrowing & Lending:		
Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	Loan taken out in July 2009.	
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.	N/A	
Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5	Principle outstanding according to DMO is £30,249.91. Year end value is £33,024.11.	Amend the AGAR to reflect the principle outstanding.
Ensure that the outstanding loan liability as at 31 st March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified via the DMO website)	N/A	
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.	N/A	

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.	To be confirmed once AGAR has been completed.	

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.		
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.	N/A	
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.	

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 relevant criteria are met (receipts and payments each totalled less than £25,000)</p> <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 	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
Review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.	AGAR and end of year information is published on the website and goes back 5 years on the website so meets the 5 year criteria.	Recommend that Internal Audit sheet is also published and supporting reports.

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.	Not yet been completed.	Send a copy of the notice once completed.
Check whether council has minuted the relevant dates at the same time as approving the AGAR	Not yet been completed.	Ensure that both the accounting statement and the governance statement are minuted and resolved separately. Also include the notice period for residents to inspect Council's accounts.

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.	Information is uploaded on to the website.	

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 Charity Commission register	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	

Trust funds (including charitable) - the Council met its responsibilities as a trustee		
REVIEW	COMMENT	Action Required
Review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report .	N/A	