

Internal Audit

Shackerstone Parish Council

Year Ending 31 March 2024

Internal Auditor: G Gynn

Summary Checklist Report

Name of Council	Shackerstone Parish Council	Name of Clerk to the Council	Helen Chadwick
No. of Councillors	6	Name of RFO (if different)	-
Quorum	3	Precept (for audit year)	£35,000
		Gross budgeted income	£35,000

1. Book-Keeping				Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes	No	The accounts are balanced monthly and are up to date to the financial year-end.
1.2	Arithmetic correct?	Yes	No	Checks of the computerised accounting system confirmed that the cashbook and other accounts arithmetic were correct.
1.3	Evidence of internal control?	Yes	No	<ul style="list-style-type: none"> • Internal audit • Statement of internal control • Budgetary control and monitoring • Bank reconciliation needs to be presented quarterly to the council
1.4	VAT evidence, recording and reclaimed?	Yes	No	The Council is able to recover VAT through the Local Authorities and Similar Bodies Scheme. A claim for repayment of VAT is usually made annually at the end of the financial year. The clerk could look at alternative mechanisms for claiming for VAT
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes	No	Noted that the parish council do not meet every month so agreed expenditure, wages, etc. are paid via DD/SO monthly. Ensure all these payments are recorded.
1.6	Is S137 expenditure separately recorded and within statutory limits?	Yes	No	N/A
1.7	Is S137 expenditure of direct benefit to the electorate?	Yes	No	N/A

2. Due Process				Comments & Recommendations
2.1	Standing Orders adopted since 2023	Yes	No	Standing Orders were last reviewed, updated and approved by Council at the Annual meeting in May 2023.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	No	Standing Orders, together with other key Council governance documents, are scheduled to be reviewed and approved at the Annual Meeting in May.
2.3	Financial Regulations adopted?	Yes	No	Financial Regulations were last reviewed, updated and approved by Council at the Annual meeting in May 2023.
2.4	Financial Regulations properly tailored to Council?	Yes	No	The current Financial Regulations are based on the current NALC model Standing Orders and Financial Regulations, adapted to suit the specific needs of the Council.

2. Due Process				Comments & Recommendations
2.5	Equal Opportunities policy adopted?	Yes	No	An Equal Opportunities policy has not yet been adopted by the Council.
2.6	RFO appointed?	Yes	No	Helen Chadwick was appointed as Clerk to the Council which includes responsibility as the RFO.
2.7	List of member's interests held?	Yes	No	The Clerk maintains and updates the list of member's interest as required and a copy provided to HBBC.
				RECOMMENDATION: To add a copy to the parish council website.
2.8	Agendas displayed with 3 clear days' notice?	Yes	No	The clerk prepares the council meeting agenda, which lists matters for discussion and is posted on the Council's website and parish council notice board. These are usually posted on the Thursday the week before the meeting.
2.9	Purchase orders raised for all expenditure?	Yes	No	Most orders for goods and services are made by or confirmed by email.
				RECOMMENDATION: That documentation e.g. letter, email, purchase order or equivalent purchase confirmation, is raised for all expenditure, wherever possible and practical.
2.10	Purchasing authority defined in Financial Regulations?	Yes	No	The Financial Regulations stipulate that: <ul style="list-style-type: none"> • Where possible 3 estimates/quotes will be obtained. • Under £250 can be authorised by the clerk, subject to budgetary provision.
2.11	Committee terms of reference exist and have been reviewed?	Yes	No	N/A - No committees of council.

3. Risk Management				Comments & Recommendations
3.1	Does a scan of the minutes identify any unusual financial activity?	Yes	No	Minutes are prepared for all meetings of the Council, which meets 5 times per year. No unusual financial activity was found in the minutes reviewed. Council minutes are available to view on the Council's website.
3.2	Is an annual risk assessment carried out?	Yes	No	RECOMMENDATION: That the Council considers implementing a risk assessment policy that covers all the main areas of potential risk the Council could encounter. t a risk assessment and review annually.
3.3	Is Insurance cover appropriate and adequate?	Yes	No	The level and range of insurance cover appears to be adequate for the size of the Council.
3.4	Evidence of annual insurance review?	Yes	No	The insurance is renewed annually on 1 st September. Insurance cover is currently placed with specialist brokers BHIB, who insure through Aviva for all insurances. The clerk will carry out a competitive review prior to the 2024 renewal.

3. Risk Management				Comments & Recommendations
3.5	Internal financial controls documented and evidenced?	Yes	No	Effective and acceptable financial control procedures are operative as stipulated in the Financial Regulations.
3.6	Minutes initialled, each page identified and overall signed?	Yes	No	Minutes of all Council are not all currently initialled by the chair of the meeting. Each page of the minutes is identifiable by the unique sequential minute number and all minutes are signed by the meeting chair and dated. Recommendation: That each page of the minutes of all Council and committee meetings is initialled by the meeting chair, as required by the Local Government Act 1972
3.7	Regular reporting and minuting of bank balances?	Yes	No	Bank balances are presented to Council at each meeting as part of the payment schedule. RECOMMENDATION: That account balance should be included within the minutes.
3.8	S137 expenditure minuted?	Yes	No	N/A

4. Budget				Comments & Recommendations
4.1	Annual budget prepared to support precept?	Yes	No	A detailed budget is prepared annually by the Clerk.
4.2	Has budget been discussed and adopted by Council?	Yes	No	The budget for the financial year being audited was reviewed and approved by the Council at its November meeting.
4.3	Any reserves earmarked?	Yes	No	The Council holds earmarked reserves for the Gopsall Walk and Odstone play area projects.
4.4	Any unexplained variances from budget?	Yes	No	All explained as per the Annual Return
4.5	Precept demand correctly minuted?	Yes	No	The approved precept demand of £35,000 was forwarded to HBBC by the deadline, was correctly minuted

5. Payroll - Clerk				Comments & Recommendations
5.1	Contract of employment?	Yes	No	The Clerk has a contract of employment and job description following appointment.
5.2	Tax code issued/contracted out?	Yes	No	The Clerk is remunerated through the payroll and has an applicable tax code.
5.3	PAYE/NI evidence?	Yes	No	The payroll confirmed that the Clerk's salary was subject to PAYE and NI.

5. Payroll - Clerk				Comments & Recommendations
5.4	Has Council approved the salary paid?	Yes	No	The Clerk's salary is approved within the setting of the annual budget and is based on an the NALC recommendation. The Clerk receives a net monthly payment, for which Council approve the salary payment on the expenditure payment approvals list
5.5	Other payments reasonable and approved by Council?	Yes	No	The budget does allow for the clerk to claim for expenses.

6. Payroll - Other				Comments & Recommendations
6.1	Contracts of employment?	Yes	No	N/A as the Clerk is responsible for all the financial and administrative affairs of the Council.
6.2	Does the Council have employers' liability cover?	Yes	No	The Council has employer's liability cover
6.3	Tax code(s) issued?	Yes	No	N/A
6.4	Minimum Wage paid?	Yes	No	The Clerk's remuneration exceeds the applicable minimum wage
6.5	Disciplinary, Grievance & Complaints procedures in place?	Yes	No	The Clerk's contract of employment includes sections relating to grievance and disciplinary procedures.

7. Asset Control				Comments & Recommendations
7.1	Does the Council keep a register of all material assets owned?	Yes	No	The Clerk is responsible for maintaining the manual asset register.
7.2	Is the asset register up to date?	Yes	No	The asset register was up to date as at the financial year-end.
7.3	Value of individual assets included?	Yes	No	Assets are listed separately.
7.4	Inspected for risk and health and safety?	Yes	No	Play equipment checked annually by ROSPA accredited inspectors. RECOMMENDATION: There needs to be monthly checks on the play equipment, these can be done by the clerk or a councillor following the report provided by ROSPA

8. Bank Reconciliation				Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes	No	Reconciliations are undertaken for the bank accounts held by the Council: <ul style="list-style-type: none"> bank statements are received monthly. The main account for payments and receipts.

8. Bank Reconciliation				Comments & Recommendations
8.2	Reconciliation carried out on receipt of statement?	Yes	No	The bank account is reconciled individually on receipt of statement.
8.3	Any unexplained balancing entries in any reconciliation?	Yes	No	There are no unexplained balancing entries.

9. Year-End Procedures				Comments & Recommendations
9.1	Year-end accounts prepared on correct accounting basis?	Yes	No	Day to day and year-end accounts are prepared on a Receipts and Payments basis.
9.2	Bank statements and ledger reconcile?	Yes	No	A full reconciliation of each bank statement to the corresponding account as at 31 st March was prepared and reviewed and were submitted and approved by the Council.
9.3	Underlying financial trail from records to presented accounts?	Yes	No	The manual accounting system provides a satisfactory audit trail to the underlying financial records.
9.4	Where applicable, debtors and creditors properly recorded?	Yes	No	No outstanding debtors or creditors were identified at the financial year-end.
9.5	Has Council agreed, signed and minuted sections 1 & 2 of the Annual Return?	Yes	No	Annual Governance Statement signed by the Council chair on 17/05/23 Accounting Statements signed by the Council chair on 17/05/23

10. Miscellaneous				Comments & Recommendations
10.1	Has the Council adopted a Code of Conduct since May 2023?	Yes	No	The Council adopted a Code of Conduct
10.2	Are all electronic files backed up?	Yes	No	Finance and Admin files are backed up by the clerk <u>RECOMMENDATION:</u> That a secondary back up of data is undertaken to provide extra data security. Suggest purchasing an external hard drive.
10.3	Do arrangements for the public inspection of records exist?	Yes	No	Notice of audit displayed as per external audit instructions.

11. Charities				Comments & Recommendations
11.1	Charities reported and accounted separately?	Yes	No	The Council is not a trustee, nor involved in the administration of any charity.
11.2	Have the Charity accounts been separately audited?	Yes	No	N/A
11.3	Have the Charity accounts and Annual Return been filed within the legal time limits?	Yes	No	N/A

12. Burial Authorities				Comments & Recommendations
12.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?	Yes	No	Effective controls are in place to ensure that internment fees received reconcile to the internments recorded and permits issued.
12.2	Are fees levied in accordance with the Council's approved scale of fees and charges?	Yes	No	The scale of fees is listed on the Council website and in printed format.
12.3	Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly?	Yes	No	Electronic copies are kept and backed up. RECOMMENDATION: That a secondary back up of data is undertaken to provide extra data security. Suggest purchasing an external hard drive.
12.4	Do all internment of ashes have a certificate of cremation?	Yes	No	A certificate of cremation is requested in all cases, but on occasions may not be provided by the undertaker or the family.
12.5	Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	Yes	No	The procedure followed by the previous Clerk is continued, which should satisfy this particular audit question.

13. Income Controls				Comments & Recommendations
13.1	Is income properly recorded and promptly banked?	Yes	No	Receipts (acknowledgments) are issued for payments received, where applicable. Outside of the precept, bank interest and the VAT reclaim there is minimal other income e.g. allotment and burial fees
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	No	The precept were received in the following instalments and recorded in the accounts: 11 th April 2023: £17,500 (50.0% of annual precept), 5 th September 2023: £17,500 (50.0% of annual precept), The total precept received for 2023/2024 was £35,000.
13.3	Are security controls over cash adequate and effective?	Yes	No	N/A

14. Petty Cash				Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	Yes	No	N/A
14.2	Is petty cash expenditure reported to Council?	Yes	No	N/A
14.3	Is petty cash reimbursement carried out regularly?	Yes	No	N/A

Any further comments

For this internal audit there are some recommendations made, most of which should be considered as Opportunities for Improvement, rather than any reduction in the required standards of control that the Clerk continues to maintain.

The overall internal audit assurance rating remains as: **GOOD**.

Acknowledgments

As with the previous year's internal audit, the help and co-operation of Helen Chadwick, Clerk to the Council is much appreciated by the internal auditor.

Internal audit carried out by	(signed) G Glynn	(print) G Glynn
Audit type (delete as appropriate)	INTERIM / ANNUAL	
Date	11/04/2024	

For internal auditor's use only

Section 4 of Annual Return form completed and signed	11/04/24
Internal audit report sent to Council	

