

Local Council Internal Audit Checklist

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| <i>Council</i> | Pirbright Parish Council | <i>Electorate Numbers</i> | 1,969 |
| <i>Internal Audit Dates</i> | 22.4.24 | <i>External auditor</i> | PKF |
| <i>Name of RFO</i> | Helen Myers | <i>Name of clerk (if different)</i> | N/A |
| <i>Date of appointment</i> | 1.4.2020 | <i>Budgeted Precept £</i> | £77,361 |

| <u>Book Keeping</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|--|-------------------------------------|---|
| <i>Manual/Computerised:</i> | <i>Computerised</i> | <i>Cash book prepared using excel spread sheet. Tabs are linked via pivot tables. Documents are saved to one drive and a back up is kept in the cloud</i> |
| <i>Maintained & Updated regularly?</i> | Yes | |
| <i>Records Kept Accurately? Audit trail from invoices to cash book sufficient?</i> | Yes | <i>Voucher numbers correspond to numbers included on the spread sheet.</i> |
| <i>Frequency of bank reconciliations? Reconciliation carried out on receipt of bank statement?</i> | Yes | <i>Carried out monthly.</i> |
| <i>Year end reconciliation correct? Any unexplained balancing entries/old cheques outstanding?</i> | Yes | <i>Correct.</i> |
| <i>Evidence of internal control? Independent check of data entry and review of bank reconciliations?</i> | Yes | <i>An annexe to the meetings includes a summary of the receipts & payments in the month, together with a cash and bank reconciliation which is signed off in Council. There is also an independent review of the vouchers and of the bank reconciliations. If the original bank statement hasn't been received at the time of signing the bank reconciliation, a printed version of the statement downloaded from online banking should be attached.</i> |

| <u>Standing Orders & Financial Regulations</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|--|-------------------------------------|--|
| <i>Date Standing Orders (SO) & Financial Regulations (FR) adopted</i> | Yes | |
| <i>Have the FR been reviewed regularly and tailored to the Council & SO reviewed annually?</i> | Yes | <i>July 23 - FR's reviewed and adopted 11.7.23 - min 6.4 refers. SO's reviewed and adopted 5.3.24 - min 6.2 refers. Last year I highlighted that there is no reference to the electronic sign request system that had been agreed earlier in the financial year within the financial regulations. The regulations adopted 11.7.23 have been amended to incorporate the new system.</i> |
| <i>Have quotes/tendering limits been observed? Evidence of best value being sought?</i> | Yes | <i>Evidence in minutes of quotes being reviewed and decisions made. Contracts reviewed 10.10.23 - minutes 6.2 & 6.3 refer</i> |
| <i>Purchase orders raised for all expenditure?</i> | Yes | <i>Purchase orders now used for most items - these are recorded by date and a spreadsheet maintained and updated when goods/services received.</i> |
| <i>Payments in cash book supported by invoices and recorded in minutes and authorised?</i> | Yes | <i>All payments made by online banking are made using a 2-tier approach. Once payment has been approved by 2 councillors using the electronic sign request system and approved by the clerk, the payments are entered into the online banking system by the clerk/RFO and then released by a separate user. Detailed checks of June 23, Sept 23, Dec 23 & Mar 24 vouchers carried out. A separate review is carried out after the payments have been made.</i> |
| <i>VAT Identified recorded and reclaimed regularly?</i> | Yes | <i>Vat recovered monthly at the start of the year due to the Pavilion project costs and includes VAT in connection with costs associated with Lord Pirbright Hall. Returns agree to cash book totals.</i> |
| <i>Legal powers identified in minutes/and or cash book? Does the general power of competence apply?</i> | Yes | <i>The legal power is included on the list of payments authorised in Council meetings. The general power of competence does now apply and was adopted 16.5.23 - min 1.4 refers.</i> |
| <i>Agenda for meetings circulated and made available to the public 3 clear days before the day of the meeting?</i> | Yes | <i>The agenda pack is distributed to members by e-mail 3 clear working days prior to the meetings. A copy of the agenda is published on the website and on public notice boards. Dates for the meetings held on the 6.6.23 and 5.3.24 checked and appropriate was notice given.</i> |
| <i>Are S137 payments separately recorded and within limits and of direct benefit to the electorate?</i> | Yes | |
| <i>Does the Council have an equal opportunities policy?</i> | Yes | <i>An equality and diversity policy reviewed and approved Nov 23. All policies reviewed 7.11.23 and published on website.</i> |
| <i>List of member's interests held?</i> | Yes | <i>Members pecuniary interest forms published on website - updated May 23.</i> |
| <i>Minutes kept in accordance with legal requirements? Consecutively numbered and initialled on each page?</i> | Yes | <i>The numbers start from 1 each meeting and are initialled on each page by the chair of the meeting and signed on the final page.</i> |

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| Does the Council need to produce/approve an annual investment strategy? | No | |
| Have any new or amended bank mandates been approved and any limits established? | Yes | 6.6.23- bank mandates and signatures reviewed - min 6.4 refers. |
| Does the transparency code for smaller authorities apply? Annual turnover < £25K | No | Although the council is not required by law to follow the 2015 Local Government Transparency Code, it is recommended best practice for councils to follow the principles of the code. |

| <u>Risk Management</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|--|-------------------------------------|---|
| Does a scan of the minutes reveal any unusual activity? | No | No unusual activities noted. |
| Annual risk assessment carried out? | Yes | 16.5.23 Risk Management policy reviewed and approved - min 6.6 refers. Risk assessment published on website. |
| Health & Safety risk assessment carried out? Children's Play area inspections carried out? | Yes | Health and safety part of annual risk assessment. The children's play area inspection report was completed 30.8.23. Weekly playground inspections are also carried out and a record of results are stored electronically. |
| Level of fidelity insurance adequate? | Yes | £250K Fidelity cover - no change. This is sufficient to cover the bank balance as at the year end and expected income, including the precept. |
| Insurance reviewed and updated for new items? | Yes | Insurance policy dated 5.9.23 - covering 29.9.23-28.9.24 renewed. 3rd year of 3 year contract. |
| Has a statement of internal control & a review of the effectiveness of internal controls been carried out? | Yes | An updated statement of internal controls was reviewed and approved on the 6.6.23 - min 6.2 refers, which includes the effectiveness of internal control. |
| Issue's arising from external audit considered, addressed and action plan documented? | Yes | 5.9.23 min 6.2 refers - It was noted in the minutes that a clean bill of health had been given by the external auditor. |
| Issue's raised by internal audit considered and addressed? Action taken? | Yes | The internal audit report was considered in Council 16.5.23, min 6.2 refers that members discussed the content and recommendations in the report. It was highlighted last year that no action plan was mentioned about the issues raised and this is still the case. However, the issue raised last year regarding the electronic signing in the financial regulations has been resolved and the financial regulations updated. For avoidance of doubt, the Council should record in the minutes the action it plans to take, regarding the issues raised from internal audit. |
| Has a review of the effectiveness of internal audit been carried out within the last 3 years? | Yes | A review of the effectiveness of internal audit was last recorded on the 6.6.23 - min 6.2 refers. |

| <u>Budgetary Controls</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|---|-------------------------------------|---|
| Budget prepared to arrive at precept amount? | Yes | 7.11.23 Precept spreadsheet circulated prior to meeting with alternative budget options. Minutes refer to budget options being discussed, taking into account projects and changes in services. Min 6.2 refers to vote and agreement of precept of £85,055 for 24/25. |
| Regular monitoring of actual expenditure against budget? | Yes | Quarterly reviews of actual expenditure against budget recorded in the minutes and noted that expenditure was on track. |
| Do the minutes indicate that monitoring is occurring? | Yes | Quarterly minutes refer and signed budget monitor with minutes. |
| Excessive reserves maintained? Earmarked reserves identified? | No | Bank Balance at year end is £84,829 which is less than the annual precept. Reconciliation of project progress and earmarked funds provided - £42,821 (2023 -£42,832). |
| Are significant variances explained? | Yes | A reconciliation of the year end variances has been prepared and explanations provided. |
| Precept set by 31 Jan and correctly minuted? | Yes | 9.1.24 Precept agreed at £84,835 - min 6.3 refers (23/24 - £77,361). This is £220 less than the amount agreed in Nov 23. The total represents and increase of 9.94% on the prior year. |

| <u>Income Control</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|---|-------------------------------------|---|
| Precept received agrees to budget? | Yes | £77,361 received for 23/24 as expected. |
| Rents collected regularly and agree with published rates? | N/A | |
| Income properly recorded and banked promptly? | Yes | Apart from the precept, most receipts are grants paid direct to the bank account. |
| Rental rates reviewed and documented? | N/A | |

| <u>Petty Cash Procedures</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|-------------------------------------|-------------------------------------|--|
| Material? | No | No cash held anymore. Expenses reimbursed by online payment. |
| Imprest system in place? | No | |
| Cash securely kept? | N/A | Empty cash box held by the clerk, in locked cupboard |

| <u>Payroll Controls</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|--|-------------------------------------|---|
| Contracts of employment held? | Yes | Letters of employment issued to all staff. Copies held by clerk. |
| Any changes to salary scale agreed & minuted? | Yes | Salary increases discussed and agreed on 11.7. 23 - min 6.3 refers and 7.11.23 - Flat rate pay award - min 2 refers |
| Payment of wages approved and agreed to payroll records? | Yes | Payments agreed and payments made agree to the payroll records. |
| PAYE & NI calculated correctly and paid to HMRC? | Yes | Payments made as expected. The figures include calculations on behalf of employees of the Lord Pirbright Hall Charity. The charity meets the costs of the employees. The payroll processing is outsourced to Maxwell & Co accountants. The payroll is maintained by staff not involved with the internal audit process. |
| Employment status of staff correctly identified? | Yes | Clerk treated as an employee, as are the new starters. |
| Pension obligations met - auto enrolment? | Yes | All payments made as expected and auto enrolment regulations adhered to. |
| Expense payments made according to agreed rates? | N/A | No expenses payments made in connection with employment. Only Council related expenses reimbursed. |
| Does the Council have adequate insurance cover? | Yes | Employers Liability remains at £10 Million. |

| <u>Asset Controls</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|---|-------------------------------------|--|
| Does an asset register exist for all material assets? | Yes | Excel based spread sheet held on clerk's own laptop, which is backed up. |
| Is the register up to date including current year additions and disposals? | Yes | Reconciliation of additions/disposals made in the year. 2 additions verified and historic value of old pavilion removed from register. |
| Is the value of individual assets recorded at cost or proxy value, if applicable? | Cost | |
| Has a reconciliation of the asset register against the insured values been carried out? | Yes | A reconciliation of the insurance values has been carried out as part of the fixed asset register review. |
| Is the register reviewed and the review documented? | Yes | Fixed asset register 22/23 reviewed 6.4.23 - min 6.2 refers. |

| <u>Year End Procedures</u> | <u>Yes/No/Not Applicable</u> | <u>Comments & Recommendations</u> |
|---|-------------------------------------|--|
| <i>Year end accounts prepared on correct accounting basis? Gross income/expenditure < £200K</i> | Yes | <i>Receipts and payments basis.</i> |
| <i>Bank reconciliation includes a cash book summary to meet external audit standard?</i> | Yes | <i>Bank reconciliation format completed.</i> |
| <i>Sufficient audit trail from cash book to annual accounts?</i> | Yes | |
| <i>Were any changes made to last year's figures? If so, has the column been annotated 'restated'?</i> | No | |
| <i>Has Council agreed, signed and minuted sections 1 & 2 of Annual Governance & Accountability return (AGAR).</i> | Yes | <i>16.5.23. It was recorded in the minutes that the governance statement, then the annual accounts were reviewed, agreed and then signed - minutes 6.3 & 6.4 refer.</i> |
| <i>Has sections 1 & 2 of the AGAR been published on the Council website together with details of public rights?</i> | Yes | <i>The website shows the signed governance and annual accounts for the year ended 31 March 23 and the notice of public rights dated 2.6.23. These agree to the minutes.</i> |
| <i>Has the External auditors review been published on the website?</i> | Yes | <i>The auditor's certificate for 22/23 dated 4.8.23 is displayed on the website. The notice of the conclusion of the audit has been published on the website dated 9.8.23.</i> |
| <i>Does the Council act as a sole trustee?</i> | Yes | <i>Trustee for Lord Pirbright Hall (LPH) - Independent examination of accounts for LPH to be carried out and figures for LPH are correctly excluded from the accounting statements of the Council.</i> |

Other Comments & Recommendations

This checklist has been completed to assist the Council in meeting its obligations for completing the AGAR. To ensure transparency, we have enclosed the detailed findings from our audit work with comments and recommendations highlighted in red. The audit checklist covers issues beyond the financial figures reported by the Council and the internal control objectives included in the Annual Internal Audit Report (AIAR).

The AIAR has been completed and should be forwarded to the external auditors together with sections 1 & 2 of the AGAR.

*The recommendations that have been made are to ensure that the Council operates effectively and continues to meet best practice. The comments refer to issues that require action or improvement. **The Council should ensure that it has reviewed the documented internal controls of the Council and the AIAR before completing the AGAR.***

In all significant respects, the control objectives were being achieved throughout the financial year to 31 March 2024 to a standard adequate to meet the needs of the Council.

Thank you to Helen Myers for her assistance during the internal audit.

More guidance on completing the AGAR and the issues raised above can be found in the Governance & Accountability for Smaller Authorities in England - a Practitioners Guide to Proper Practice's. The latest version is March 2024, and this can be downloaded from www.nalc.gov.uk.

Date: 29.4.24

Name of Internal Auditor: Michael Bain, Maxwell & Co

Signature:

