

# Internal Audit East Farndon Parish Council Year Ending 31 March 2020

Internal Auditor: Bernie Fallon

## Summary Checklist Report

This internal audit report is based upon the Association of Local Councils recommended checklist, introduced in 2016, in conjunction with the Practitioners' Guide to Governance and Accountability in Local Authorities.

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# Internal Audit Summary Checklist Report for East Farndon Parish Council Year Ending: 31 March 2020

<b>Name of Council</b>	East Farndon	<b>Name of Clerk to Council</b>	Caroline Burton
<b>Number of Councillors</b>	7	<b>Name of RFO (if different)</b>	
<b>Quorum</b>	3	<b>Precept for audit year</b>	£9,500
<b>Electorate</b>	260 approx.	<b>Gross budgeted income</b>	

1. Book-Keeping			Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes	The accounts are balanced and are up to date to the financial year-end.
1.2	Arithmetic correct?	Yes	Checks of the cashbook and other accounts confirm arithmetically correct.
1.3	Evidence of internal control?	Yes	Risk assessment policy; regular bank reconciliation; regular reporting at council meetings
1.4	VAT evidence, recording and reclaimed?	Yes	The Council is able to recover VAT through the Local Authorities and Similar Bodies Scheme. VAT charged is separately recorded in the cashbook. A claim for repayment of VAT is made annually. Claim for 2018/19 fell into this financial year.
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes	All payments are supported by appropriate invoices, correctly authorised and minuted.
1.6	s S137 expenditure separately recorded and within statutory limits?	Yes	The appropriate sum for parish councils for the purposes of section 137(4)(a) of the Local Government Act 1972 for 2019/20 was £8.12 per elector. S137 expenditure within statutory limits, comprising £11.96 for litter pickers, £31.26 for a memorial plaque, £17.00 for a remembrance wreath, £100.00 contribution for the local newsletter and £100 to the amenity land trust.
1.7	Is S137 expenditure of direct benefit to the electorate?	Yes	All S137 expenditure incurred in current financial year was in respect of activities relevant to the parish.

2. Due Process			Comments & Recommendations
2.1	Standing Orders adopted since 2010?	Yes	Standing Orders adopted on 8 January 2019.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	Standing Orders were reviewed at the Parish Council Annual Meeting on 14 May 2019.
2.3	Financial Regulations adopted?	Yes	Financial Regulations adopted on 26 September 2018.
2.4	Financial Regulations properly tailored to Council?	Yes	Appropriate financial limits adopted.
2.5	Equal Opportunities policy adopted?	Yes	Equal Opportunities policy adopted on 26 September 2018.
2.6	RFO appointed?	Yes	The Clerk is also the RFO.
2.7	List of member's interests held?	Yes	Daventry District Council maintains the list of member's interests.
2.8	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	Agendas are signed, displayed with a minimum of 3 working days on the village hall notice board and website.
2.9	Purchase orders raised for all expenditure?	Yes	Financial Regulations determine how commitment to purchase is made (see 2.3). Most orders for goods and services are made by or confirmed by email.
2.10	Purchasing authority defined in Financial Regulations?	Yes	
2.11	Legal powers identified in minutes and/or ledger?	No	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.
2.12	Committee terms of reference exist and have been reviewed?	Yes	The Parish Council has two sub-committees – the Staffing Committee with terms of reference adopted on 28 November 2018, and the Burial Ground Maintenance Sub-Committee with terms of reference adopted on 14 May 2019.

3. Risk Management			Comments & Recommendations
3.1	Does a scan of the minutes identify any unusual financial activity?	No	Minutes are prepared for all meetings of the Council and no unusual financial activity was found in the minute review. Council minutes are available to view on the village website.
3.2	Is an annual risk assessment carried out?	Yes	The Council has a formal risk assessment policy in place and it was last reviewed by the Council on 14 January 2020.
3.3	Is Insurance cover appropriate and adequate?	Yes	The Council standard insurance for a Parish Council.
3.4	Evidence of annual insurance review?	Yes	Insurance was reviewed at the Parish Council Annual Meeting on 14 May 2019.
3.5	Internal financial controls documented and evidenced?	Yes	Financial control procedures are operated and documented (including dual signing of invoices/cheques, regular bank reconciliations signed by Councillors and reporting of all expenditure at meetings.
3.6	Minutes initialled, each page identified and overall signed?	Yes	Minutes of all Council meetings are initialled by the chair of the meeting. Each page of the minutes is identified by a unique page number reference and all minutes are signed by the meeting chair and dated.
3.7	Regular reporting and minuting of bank balances?	Yes	Bank balances are presented to Council at each meeting as part of the financial reporting and are minuted.
3.8	S137 expenditure minuted?	Yes	All expenditure is minuted.

4. Budget			Comments & Recommendations
4.1	Annual budget prepared to support precept?	Yes	A detailed budget is prepared annually by the Clerk.
4.2	Has budget been discussed and adopted by Council?	Yes	Expenditure compared to budget is regularly reviewed at meetings, and the budget for 2020/21 was discussed on 12 November 2019 and agreed on 14 January 2020.

4. Budget			Comments & Recommendations
4.3	Any reserves earmarked?	Yes	The Council has reserves of £2,500 for proposed work in village (street lighting upgrade and renovation of the village spring).
4.4	Any unexplained variances from budget?	No	All explained as per the Annual Return and year-end financial reports.
4.5	Precept demand correctly minuted?	Yes	Precept demand for 2020/21 minuted on 14 January 2020.

5. Payroll - Clerk			Comments & Recommendations
5.1	Contract of employment?	Yes	Contract of employment agreed on 26 September 2018.
5.2	Tax code issued/contracted out?	N/A	As the Clerk earns less than £116 a week, and does not have another job or get a pension, the Parish Council does not need to operate a PAYE scheme.
5.3	PAYE/NI evidence?	N/A	
5.4	Has Council approved the salary paid?	Yes	The Clerk is paid gross, monthly, on submission of an invoice supported by a record of the hours worked. Any changes to the clerk's remuneration and contract are approved by the Council. The Clerk's salary is approved within the setting of the annual budget.
5.5	Other payments reasonable and approved by Council?	Yes	Other specific business and out of pocket expenses incurred by the Clerk are claimed at the same time as the claim for remuneration by the Clerk.

6. Payroll - Other			Comments & Recommendations
6.1	Contracts of employment?	N/A	The Clerk is the sole employee of the Parish Council.
6.2	Does the Council have employers' liability cover?	Yes	Limit if Indemnity is £10,000,000.

6. Payroll - Other			Comments & Recommendations
6.3	Tax code(s) issued?	N/A	
6.4	Minimum Wage paid?	Yes	The Clerk's salary exceeds the minimum wage.
6.5	Disciplinary, Grievance & Complaints procedures in place?	Yes	Disciplinary and Grievance policy adopted on 26 September 2018, and Complaints policy adopted 8 January 2019.

7. Asset Control			Comments & Recommendations
7.1	Does the Council keep a register of all material assets owned?	Yes	The Clerk is responsible for maintaining the asset register.
7.2	Is the asset register up to date?	Yes	The asset register was up-to-date as at the end of the financial year.
7.3	Value of individual assets included?	Yes	
7.4	Inspected for risk and health and safety?	Yes	Councillors inspect the village assets and report back to the Council as necessary. The last inspection took place on 7 January 2020.

8. Bank Reconciliation			Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes	The Council holds following bank accounts, all of which were operating at the start of the financial year: Lloyds Treasurers Account - main account used for cheque payments, bank statements received monthly Lloyds Business Bank Instant Account - interest bearing savings account, bank statements received monthly The Clerk is responsible for preparing regular bank reconciliations and reports the balance on each account to each meeting of Council.
8.2	Reconciliation carried out on receipt of statement?	No	The reconciliation is carried out every two months, as there are so few transactions (a total of 26 transactions in 2019/20).

8. Bank Reconciliation			Comments & Recommendations
8.3	Any unexplained balancing entries in any reconciliation?	No	
8.4	Is the bank mandate up to date?	Yes	Bank mandate reviewed on 8 January 2019 and duly updated. No changes required since.

9. Year-End Procedures			Comments & Recommendations
9.1	Year-end accounts prepared on correct accounting basis?	Yes	Day to day and year-end accounts are prepared on a Receipts and Payments basis.
9.2	Bank statements and ledger reconcile?	Yes	A full reconciliation of bank statements to the cashbook as at 31 March 2020 has been prepared.
9.3	Underlying financial trail from records to presented accounts?	Yes	The accounting system provides a satisfactory audit trail to the underlying financial records.
9.4	Where applicable, debtors and creditors properly recorded?	N/A	
9.5	Has Council agreed, signed and minuted sections 1 & 2 of the Annual Return?		Due to be signed on 12 May 2020.

10. Miscellaneous			Comments & Recommendations
10.1	Have points raised at the last internal audit been addressed?	N/A	No points to address.
10.2	Has the Council adopted a Code of Conduct since July 2012?	Yes	Code of Conduct reviewed and adopted on 8 January 2019.
10.3	Is eligibility for the General Power of Competence properly evidenced?	Yes	This was checked when councillors were appointed.

10. Miscellaneous			Comments & Recommendations
10.4	Are all electronic files backed up?	Yes	The Clerk backs up files on a memory stick each week.
10.5	Do arrangements for the public inspection of records exist?	Yes	A notice is placed on the village board and the website.

11. Charities			Comments & Recommendations
11.1	Charities reported and accounted separately?	N/A	The Council is not a trustee, nor involved in the administration of any charity.
11.2	Have the Charity accounts been separately audited?	N/A	
11.3	Have the Charity accounts and Annual Return been filed within the legal time limits?	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	The Burial Ground Committee operates a separate account, and the receipts correspond with the burials and plots purchased recorded in the Register of Public Graves. There have been two burials and one alteration to a memorial stone in 2019/20. There are no ashes pots – ashes have to be buried.
12.2	Are fees levied in accordance with the Council's approved scale of fees and charges?	Yes	Scale of fees and charges are on the Parish website
12.3	Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly?	Yes	Manual records maintained only.
12.4	Do all internment of ashes have a certificate of cremation?	Yes	



12. Burial Authorities			Comments & Recommendations
12.5	Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	Yes	

13. Income Controls			Comments & Recommendations
13.1	Is income properly recorded and promptly banked?	Yes	Apart from the precept, bank interest and VAT refund, other income comprises a contribution to grass cutting. All income is properly recorded and promptly banked.
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The precept was received electronically from Daventry District council in 2 instalments of £4,750 each on 25 April 2019 and 26 September 2020.
13.3	Are security controls over cash adequate and effective?	Yes	The Clerk is responsible for receiving, balancing, authorising and banking any cash and cheques received. Security controls for cash appeared to be adequate and effective.

14. Petty Cash			Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	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 with supporting invoices.
14.2	Is petty cash expenditure reported to Council?	N/A	The expenditure claim from the Clerk will be presented to Council for approval as part of the normal expenditure approval process.
14.3	Is petty cash reimbursement carried out regularly?	N/A	The expense claim from the Clerk for reimbursement of out of pocket expenses is submitted together with the Clerk's claim for contractual services provided i.e. as Clerk/RFO.

Any Further Comments

Internal Audit Carried Out By:	
Signature	<i>Bernie Fallon</i>
Name	Bernie Fallon
Date	6 May 2020