

## Internal Audit Checklist for Year Ending 31 March 2019

### QUORN PARISH COUNCIL

<b>Clerk</b>	Christina Gibbs	<b>RFO (If different)</b>	
<b>No. of Councillors</b>	13	<b>Quorum</b>	6
<b>Precept</b>	£239,252	<b>Electorate</b>	4,595 (ex LRALC)
<b>Gross budgeted income</b>	£275,508	<b>Council Tax Authority</b>	Charnwood Borough Council (CBC)

1. Book Keeping					Comments/Recommendations
1.1	Ledger maintained and up to date?	Yes	<del>No</del>	n/a	Scribe computerised accounts system. Balanced monthly and at year end.
1.2	Arithmetic correct?	Yes	<del>No</del>	n/a	
1.3	Evidence of Internal Control?	Yes	<del>No</del>	n/a	Key areas of internal control applied include: Internal audit, Risk Assessment policy and register, annual review of financial controls (by the Finance Committee), budgetary control and monitoring, monthly bank reconciliation review by Council.
1.4	VAT evidence, recording and reclaimed?	Yes	<del>No</del>	n/a	Section 126 VAT rules applied. VAT reclaimed quarterly. Last reclaim to 31/03/19. No VAT inspections. Specialist VAT advice taken (The Parkinson Partnership) in Feb-18 to ensure Council applies VAT correctly following take on of the Old School project. Full details provided.
1.5	Payments in ledger supported by invoices, authorised and minuted?	Yes	<del>No</del>	n/a	See Appendix 2: Transaction Spot Check.
1.6	S137 separately recorded and within statutory limits?	Yes	<del>No</del>	n/a	General Power of Competency (GPOC) applicable since 2016. A separate S137 account is still maintained in the Scribe accounts system to record equivalent S137 expenditure e.g. for grants.
1.7	S137 expenditure of direct benefit to electorate?	Yes	<del>No</del>	n/a	

2. Due Process					Comments/Recommendations
2.1	Standing Orders adopted since 2013?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review. Standing Orders are normally reviewed annually, but not necessarily at the Annual Meeting.

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2.3	Financial Regulations adopted?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
2.4	Financial Regulations properly tailored to Council?	Yes	<del>No</del>	n/a	Current NALC model applied, adapted to suit the needs of the Council.
2.5	Equal Opportunities Policy adopted?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
2.6	RFO appointed?	Yes	<del>No</del>	n/a	Christina Gibbs appointed as Clerk on 10/08/10, with responsibility as RFO.
2.7	Adequate internal controls for payments?	Yes	<del>No</del>	n/a	See Financial Controls document.
2.8	List of member interests held?	Yes	<del>No</del>	n/a	The Clerk administers the list of member's interests as required i.e. receives, copies and forwards to CBC. A link is available on the parish council website to the list of member's interests held at CBC.
2.9	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	<del>No</del>	n/a	Minimum 3 clear days' notice. Posted on the Council's website, the village notice board and other notice boards around the parish.
2.10	Purchase orders raised for all expenditure?	Yes	No	n/a	Financial Regulations determine how commitment to purchase is made. Documentation e.g. letter, email, equivalent purchase confirmation, is raised for all expenditure, where possible.
2.11	Purchasing authority defined in Financial Regulations?	Yes	<del>No</del>	n/a	See Sections 4, 10,11, 12.
2.12	Legal powers identified in minutes and/or accounts?	Yes	<del>No</del>	n/a	Not required under GPOC, but Clerk ensures the Council applies the correct legal powers.
2.13	Committee terms of reference exist and have been reviewed?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
2.14	Web site exists and is regularly updated?	Yes	<del>No</del>	n/a	See: <a href="https://www.Quornparishcouncil.org.uk/">https://www.Quornparishcouncil.org.uk/</a>

3. Risk Management					Comments/Recommendations
3.1	Does a scan of the minutes reveal any unusual activity?	Yes	No	n/a	Initial review of minutes undertaken and reviewed with Clerk on 29/01/19. Final minutes review undertaken and reviewed with Clerk on 30/04/19
3.2	Annual risk assessment carried out?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.

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3.3	Insurance cover appropriate and adequate?	Yes	<del>No</del>	n/a	See Appendix 1B: Key Policies, Procedures & Documentation Review.
3.4	Does the Council have public liability cover?	Yes	<del>No</del>	n/a	Indemnity limit £12M.
3.5	Evidence of annual insurance review?	Yes	<del>No</del>	n/a	Quotes sought from different insurers prior to 3-year term expiry, for both the general and the motor insurance policies.
3.6	Internal financial controls documented and evidenced?	Yes	<del>No</del>	n/a	See Annual Review of Financial Controls and Financial Regulations.
3.7	Minutes initialed, each page identified and overall signed?	Yes	<del>No</del>	n/a	Minutes are initialed and signed off and dated by the chair of the following meeting. Each page of the minutes is numbered and each minute is identified by a unique sequential minute number.
3.8	Regular reporting and minuting of bank balances?	Yes	<del>No</del>	n/a	Bank balances and reconciliations for each account are presented to every Council meeting and minuted accordingly.
3.9	S137 expenditure minuted?	Yes	<del>No</del>	n/a	Not required under GPOC. Also noted that the Council has a separate grants policy.

4. Budget					Comments/Recommendations
4.1	Annual budget to support precept?	Yes	<del>No</del>	n/a	A detailed budget is prepared annually by the Finance Committee, in conjunction with the Clerk. Copy provided re: 2018/19.
4.2	Has budget been discussed and adopted by Council?	Yes	<del>No</del>	n/a	Approved: 09/01/18. Minute no. 18/013a.
4.3	Has the Council adopted a Reserves Policy?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
4.4	Any reserves earmarked?	Yes	<del>No</del>	n/a	Earmarked reserves totaling £62,386 were listed in the balance sheet at the financial year-end, together with free reserves (General Fund) of £136,742. which represents 57% of the precept of £239,252 for 2018-19 (41% in the previous year). The Reserves Policy adopted determines that free reserves should be a minimum of 50% of the annual precept.

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					<p><b>Recommendation b/f from previous year's internal audit report:</b>  <span style="color: red;">Whilst it is recognised that the Clerk and Council had reviewed the reserves as at 31/03/18, the accounts (balance sheet) were not adjusted to reflect the adjustment(s) to the capital reserves, nor was any detail available to support the capital and other earmarked reserves total. Therefore, at the next financial year end it recommended that reserves are reviewed, a listing of specific capital and earmarked reserves is prepared and that any agreed changes to the reserves is journaled into the accounts prior to year-end closure.</span></p> <p><b>Current Status:</b>  <span style="color: red;">✓ ACTIONED</span></p>
4.5	Any unexplained variances from budget?	Yes	No	n/a	
4.6	Precept demand correctly minuted?	Yes	No	n/a	Approved: 09/01/18. Minute no. 18/013a.

5. Payroll					Comments/Recommendations
5.1	Contracts of employment?	Yes	No	n/a	Issued for all employees. NALC template applied.
5.2	Tax code issued / contracted out?	Yes	No	n/a	Via monthly in-house payroll (Online Tools).
5.3	PAYE / NI evidence?	Yes	No	n/a	Year end PAYE/NI returns to HMRC submitted on time.
5.4	Has Council approved salaries paid?	Yes	No	n/a	Included with expenditure payment approvals.
5.5	Other payments reasonable and approved by Council?	Yes	No	n/a	Business mileage and out of pocket expenses are reimbursed via an expense claim form approved by 2 members of the Council. Business Mileage reimbursed at £0.45/mile (HMRC tax free limit). Any additional hours work are recorded, approved and remunerated as Time Off in Lieu (TOIL) for all employees.
5.6	Council registered with Pensions Regulator?	Yes	No	n/a	Applicable pension scheme for all employees via pensions auto enrolment: Peoples Pension.
5.7	Pensions duties reviewed at each payroll?	Yes	No	n/a	Ongoing pensions administration is included within the standard monthly payroll routines.

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5.8	Does the Council have employers' liability cover?	Yes	<del>No</del>	n/a	£10M (as part of the general insurance policy).
5.9	Minimum wage paid?	Yes	<del>No</del>	n/a	All staff paid above the applicable minimum wage. (£7.83 w.e.f. 01/04/18).
5.10	Disciplinary and Grievance procedures in place?	Yes	<del>No</del>	n/a	Included in the employees' contract of employment.

6. Asset Control					Comments/Recommendations
6.1	Does the Council keep a register of all material assets owned?	Yes	<del>No</del>	n/a	Maintained in an Excel spreadsheet.
6.2	Is the asset register up to date?	Yes	<del>No</del>	n/a	Up to date at the financial year end.
6.3	Value of individual assets included in the asset register?	Yes	<del>No</del>	n/a	An item will be entered onto the asset register based on a minimum value of £500.
6.4	Assets inspected for risk and up to date inspection records exist?	Yes	<del>No</del>	n/a	Weekly inspection of play equipment and properties by the groundsman who prepares and retains a report. Ad hoc inspection of the Council's assets by the councillors. Play equipment checked annually by ROSPA accredited inspectors, with verbal report to the Clerk and a written report to the Environment Committee.
6.5	Record of deeds, articles and land register references available?	Yes	<del>No</del>	n/a	All land and properties listed in the asset register. Title documents, deeds etc. kept securely in the parish office.

7. Bank Reconciliations					Comments/Recommendations
7.1	Is there a bank reconciliation for each account?	Yes	<del>No</del>	n/a	All bank accounts have been reconciled to date. A full bank reconciliation review is undertaken at every Council meeting by the Council.
7.2	Reconciliation carried out on receipt of statement?	Yes	<del>No</del>	n/a	
7.3	Any unexplained balancing entries in any reconciliation?	<del>Yes</del>	No	n/a	
7.4	Is the bank mandate up to date for each account?	Yes	<del>No</del>	n/a	See Appendix 1C: Key Policies, Procedures & Documentation Review (See <b>minor recommendation made</b> ).

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8. Income Controls					Comments/Recommendations
8.1	Is income properly recorded and promptly banked?	Yes	No	n/a	Income invoices are prepared as a Word document and then entered into Scribe, with copies are retained for a minimum of 6 years. Receipts are issued for cash payments received, wherever possible. Cash received is banked regularly, usually weekly, at the local post office. Cheques received is posted direct to Handelsbanken. Outside of the precept most of the recurring income received is for the hire of the village hall. It was noted that income from use of the Old School is expected to commence during 2019/20.
8.2	Recorded precept agrees to the Council Tax authorities notification?	Yes	No	n/a	Paid in 2 instalments by CBC (April & September).
8.3	Are security controls over cash adequate and effective?	Yes	No	n/a	Prior to banking, cash and cheques are kept in a combination safe in the parish office, to which only the Clerk and the Assistant Clerk know the combination numbers.

9. Petty Cash					Comments/Recommendations
9.1	Does the Council hold a petty cash float?	Yes	No	n/a	The Council does not currently operate a dedicated petty cash float. A debit card was issued to the Council in 2016 by Handelsbanken, for which the Clerk is the only authorised user. The daily spend limit on the card is £1,000.
9.2	Is petty cash expenditure recorded in the Petty Cash Account?	Yes	No	n/a	Expenditure on the debit card is immediately debited to the Handelsbanken current account.
9.3	VAT receipts obtained for petty cash expenditure where applicable?	Yes	No	n/a	
9.5	Is petty cash expenditure reported and approved by the Council?	Yes	No	n/a	Expenditure incurred on the debit card is reported to Council as part of the monthly expenditure listing i.e. as a normal payment for approval.
9.6	Is petty cash reimbursement carried out regularly?	Yes	No	n/a	

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10. Year End Procedures					Comments/Recommendations
10.1	Year-end accounts prepared on. correct amounting basis?	Yes	No	n/a	Income & Expenditure basis
10.2	Bank statements and ledger accounts reconcile?	Yes	No	n/a	A full reconciliation of each bank statement to the corresponding account in the ledger as at 31 <sup>st</sup> March has been prepared and will be reviewed and approved by the Council on 14/05/19.
10.3	Underlying financial trail from records to presented accounts?	Yes	No	n/a	The Scribe accounts system provides a satisfactory audit trail to the underlying financial records.
10.4	Where appropriate, debtors and creditors properly recorded?	Yes	No	n/a	Default payment terms for debtors and creditors: 30 days.
10.5	Sections 1 & 2 of the Annual Return signed and minuted by the Council?	Yes	No	n/a	Section 1 and Section 2 to be signed on 04/06/19 and minuted separately. <i>Please forward copy when signed.</i>

11. Cemeteries					Comments/Recommendations
11.1	Cemetery regulations adopted and up to date?	Yes	No	n/a	The Council has no responsibility for burials within the parish.
11.2	Registers of burials and purchased graves completed correctly?	Yes	No	n/a	
11.3	Burial certificates being issued correctly?	Yes	No	n/a	
11.4	Green Slips returned appropriately to Registrar?	Yes	No	n/a	
11.5	Cemetery burial plan up to date and backed up?	Yes	No	n/a	

12. Transparency Code (mandatory for Councils under £25k turnover)					Comments/Recommendations
12.1	All items of expenditure above £100 published by 01 July 2018?	Yes	No	n/a	A monthly expenditure list of items over £500 published on the Council website.
12.2	End of year accounts published by 01 July 2018?	Yes	No	n/a	AGAR Section 2 published on Council website.

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12.3	Annual Governance Statement Published by 01 July 2018?	Yes	<del>No</del>	n/a	AGAR Section 1 published on Council website.
12.4	Internal Audit Report published by 01 July 2018?	Yes	<del>No</del>	n/a	AGAR AIAR on Council website.
12.5	Councillor responsibilities published by 01 July 2018?	Yes	<del>No</del>	n/a	Integral part of Council website
12.6	Asset register published by 01 July 2018?	Yes	<del>No</del>	n/a	NB: 31/03/18 asset register incorrectly dated Feb-18.
12.7	Agendas and meeting papers. published with 3 clear days?	Yes	<del>No</del>	n/a	See section 2.9 above.
12.8	(Draft) Minutes published within 1 month of the meeting?	Yes	<del>No</del>	n/a	Draft minutes uploaded for all meetings of Council within 1 week of applicable meeting.

13. Miscellaneous					Comments/Recommendations
13.1	Evidence that internal & external. audit reports received & actioned?	Yes	<del>No</del>	n/a	Internal audit report considered by the Finance Committee on 15/08/18, minute no. 18/014. The only recommendation made (re: earmarked reserves) has now been actioned. The final signed external audit report was received and considered by the Council on 05/03/19, minute no.19/037a and the matters raised were noted and actions then agreed at the Council meeting of 02/04/19, minute no. 19/053h.
13.2	Code of Conduct adopted since 2012?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
13.3	Is eligibility for the General Power of Competence properly evidenced?	Yes	<del>No</del>	n/a	The adoption of the power was recorded with appropriate wording at the March 2016 meeting of Council. The Clerk has passed the relevant section 7 of the Certificate in Local Council Administration (CiLCA), with the certificate displayed in the parish office. 2/3rds of the Council were elected members when the General Power of Competency was adopted. <b>Following the May 2019 election, GPOC is to be re-adopted at the Annual Meeting on 14/05/19.</b>
13.4	Does the Council have a Complaints Policy?	Yes	<del>No</del>	n/a	See Appendix 1A: Key Policies, Procedures & Documentation Review.
13.5	Are all electronic files backed up?	Yes	<del>No</del>	n/a	Cloud based back up (iCloud) for all electronic files, including Scribe accounts data.



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13.6	Arrangements for public inspection of the Council's records exist?	Yes	<del>No</del>	n/a	Model Publication Scheme applied (see Appendix 1A). Key documents on Council website. Notice of audit displayed as per external instructions. Outside of this period, inspection of records can be undertaken by prior appointment.
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14. Charities					Comments/Recommendations
14.1	Charities reported and accounted separately?	<del>Yes</del>	<del>No</del>	n/a	<p>The Council does not currently act as trustee for any charity and is not responsible for managing any trust funds or assets.</p> <p>Following the completion of the Old School project, the Clerk stood down as a trustee of the Old School Trust charity in August 2018. The Old School Trust charity is totally independent of Quorn Parish Council. The Village Hall Committee of the Council is now responsible for the running of the Old School building. It is envisaged that the Old School Trust charity will be closed in 2019. The ongoing running of the Old School facility is still to be determined by the Council</p>
14.2	Have the accounts been separately audited?	<del>Yes</del>	<del>No</del>	n/a	
14.3	Have the accounts been filed within the legal time limits?	<del>Yes</del>	<del>No</del>	n/a	
14.4	Has the Annual Return been filed within the legal time limits?	<del>Yes</del>	<del>No</del>	n/a	

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Annual Return		Year Ending 31 March 2018	Year Ending 31 March 2019
1	Balances brought forward	£ 184,401	£ 287,669
2	Annual precept	£ 219,520	£ 239,252
3	Total other receipts	£ 376,956	£ 153,275
4	Staff costs	£ 72,398	£ 73,532
5	Loan interest / capital repayments	£ 14,792	£ 14,792
6	Total other payments	£ 406,018	£ 392,744
7	Balances carried forward	£ 287,669	£ 199,128
8	Total cash and short-term investments	£ 275,858	£ 174,476
9	Total fixed assets and long-term investments and assets	£ 1,950,865	£ 2,248,130
10	Total borrowings	£ 281,379	£ 278,828
	Date Annual Return data completed and cross referenced?	18/04/19	30/04/19

Internal audit carried out by	 (signed)	R F Willcocks (print)
Audit type (delete as appropriate)	<del>Interim</del>	Annual

For internal auditor's use only:	
Annual Internal Audit Report completed and signed	Date: 30/04/2019
Report / Letter sent to Council	Date: 21/05/19