



## Lincolnshire Association of Local Councils Internal audit checklist 2021/22

<b>Name of Parish or Town Council</b>		Hemswell Parish Council	
<b>Parish Council website</b>		<a href="https://hemswell.parish.lincolnshire.gov.uk/">https://hemswell.parish.lincolnshire.gov.uk/</a>	
<b>Name of internal auditor</b>		Amy Bestwick	
<b>Date of audit</b>		16/03/2022	
<b>Type of audit</b> Please select		Intermediate	Year-end (including AGAR)
<b>Council contact information</b>		<b>Name</b>	<b>Email</b>
<b>Clerk</b>		Acting clerk – Bryan Mander	hemswellparishcouncil@gmail.com
<b>RFO if different</b>			
<b>Chairman</b>		Cllr Bryan Mander	hemswellparishcouncil@gmail.com
<b>Electorate</b>	277	<b>Total number of seats</b>	5
<b>Quorum</b>	3	<b>Number of councillor vacancies</b>	2
<b>Precept Demand 2021/22</b>	£6,800	<b>Gross budgeted Income</b>	
<b>Date of most recent audit</b>	19/5/2021	<b>Date of next audit agreed with Clerk</b>	Year end – date TBC
		<b>Y/N</b>	<b>Comments</b>
<b>Has the internal auditor seen previous audit reports including the most recent?</b>		Y	Previous internal audit appears to represent accounts only.
<b>Is there evidence that previous internal and external audit reports have been acted upon?</b>		N/A	Nothing to act upon

Key governance review		Y/N	Comments & recommendations	Risk		
				Low	Med	High
1	Standing orders (tailored and reviewed)	Y	On parish council website. Reviewed each May or on newest version.	X		
2	Financial regulations (tailored and reviewed)	Y	On parish council website. Reviewed each May or on newest version.	X		
3	Terms of reference (ToR) (committees / working groups)	Y	Only one committee – recruitment for recruitment of clerk. ToR within Council minutes - 2 <sup>nd</sup> June 2020 (agenda item 5). <b><u>Recommendation</u></b> – review annually.	X		
4	Code of Conduct (elected members)	Y	On parish council website. Reviewed each May or as necessary.	X		
5	Complaints procedure (tailored and reviewed)	Y	Draft on parish council website for adoption March 2021. Previous version(s) not maintained or tailored.	X		
6	Insurance Cover <ul style="list-style-type: none"> <li>• Reviewed annually</li> <li>• Certificate(s) viewed &amp; valid</li> <li>• Employees' Liability Cover in place and published</li> <li>• Public Liability Cover</li> <li>• Employees' Fidelity Guarantee</li> <li>• Councillors' ages reviewed and recorded</li> <li>• Other eg vehicles, assets, equipment, volunteers ...</li> </ul>	Y	On parish council website.  Reviewed yearly on renewal / new asset purchases. – 3-year pricing agreement in place.  Paper copies seen also.	X		

Transparency		Y/N	Comments & recommendations	Risk		
				Low	Med	High
7	Internal controls (statement or review)	Y	Part of standing orders and financial regulations. Reviewed at each pc meeting.	X		
8	Investment strategy	N/A	None in place – minimal income – reserves in savings account.	X		
9	Publication scheme (reviewed)	Y	Draft on parish council website for adoption March 2022.	X		
10	Risk assessment (statement or review)	Y	Draft Risk Management Policy on parish council website for adoption March 2022. Previous versions not maintained or tailored.	X		
11	Pay policy (staffing - reviewed)	N/A	No employees – previous Clerk incorrectly sub contracted. Vacancy defines pay groups. Intention to utilise LALC model documents.	X		
12	Spending authorised	Y	Minuted in minutes - approval or ratification of preauthorised budget spend (Clerk).	X		
13	Procurement correctly administered	Y	Yes; minuted in minutes approval or ratification of preauthorised budget spend (Clerk). Attempts to gain three quotes often unsuccessful (initially attempted) so often end up single source	X		
14	Land and assets (reviewed)	Y	Asset list on website. Reviewed on new purchases. Was updated two years ago (previously not reviewed). No update since.	X		
15	Adequate GDPR policy / procedures in place	Y	Policies and procedures on website. Limited storage of personal information. Encrypted hard drive used to store info and paper documents stored in fire safe located in village hall.	X		
16	Arrangement for inspection of public records adequate	Y	On PC website. See draft publication scheme. It is noted that no requests for inspection have been made. No inspections requested during exercise of public rights period.	X		

Transparency codes mandatory for councils with turnover under £25k and over £200k						
17	All items of expenditure above £100 published by 1 July	Y	Evidence on the website	X		
18	End of year accounts published by 1 July	Y	Evidence on the website	X		
19	Annual Governance statement published by 1 July	Y	Evidence on the website	X		
20	Internal audit report published by 1 July	Y	Evidence on the website	X		
21	Councillor responsibilities published by 1 July	Y	Evidence on the website	X		
22	Asset register published by 1 July	Y	Reviewed May 2021	X		
23	Agendas and meeting papers published within three clear days	Y	<p><b>Recommendations:</b>  Note acting clerk rather than clerk.  Annual Parish Council Meeting – first item on the agenda <b>must</b> legally be the election of chairman.  Councillors <b>must</b> be summoned to attend meetings – correct wording available from LALC.</p>	X		
24	Draft minutes published within one month of the meeting	Y	Evidence on website.	X		

Accounting		Y/N	Comments & recommendations	Risk		
				Low	Med	High
25	Cashbook maintained and up to date	Y	Updated for each meeting and reviewed in meeting. Checked quarterly as per financial regulations – paper copies signed and evidenced	X		
26	Arithmetically correct (checks / balance)	Y	Updated for each meeting and reviewed in meeting. Checked quarterly as per financial regulations – paper copies signed and evidenced.	X		
27	Evidence of internal control	Y	Financial regulations in place. Internal controls updated for each meeting and reviewed in meeting. Checked quarterly as per financial regulations. Annual internal audit. Cheques require two signatures and stubs initialled by signatories. Audit identified (minuted) as insufficient. LALC auditor arranged for financial period 2021/22	X		
28	VAT <ul style="list-style-type: none"> <li>evidence of recording</li> <li>evidence of reclaiming</li> </ul>	Y	Updated and reviewed at each meeting. Recent purchases still to claim	X		
29	All payments supported by authorised, minuted invoices	Y	Hard copies seen. Only one lost receipt accepted as part of materials for noticeboard repair (filler £10.27) website screenshot accepted.	X		
30	s.137 <ul style="list-style-type: none"> <li>Recorded separately within accounts</li> <li>Within legal threshold limits for the current year</li> <li>Spend in accordance with legislation</li> </ul>	Y	Identified in green on electronic spreadsheet. Income and expenditure record (i.e., yearly transactions and budget).	X		
31	Payments made in accordance with financial regulations <ul style="list-style-type: none"> <li>Cheques</li> <li>Online banking</li> <li>BACS</li> <li>Direct Debit</li> <li>Credit or debit cards</li> </ul>	Y	Updated for each meeting and reviewed in meeting. Checked quarterly as per financial regulations – paper copies signed and evidenced.	X		

Budget		Y/N	Comments & recommendations	Risk		
				Low	Med	High
32	Annual budget in support of precept	Y	Electronic and paper copies evidenced in folder, budget review (preliminary and final).	X		
33	Precept demand properly minuted	Y	Minuted Jan 2022 (agenda item 5 and Nov 2021 (agenda item 7b) website and paper copy evidenced.	X		
34	Earmarked reserves reviewed	Y	Electronic and paper copies evidenced in folder; budget review (preliminary and final). 5-year maintenance plan implemented to account for reserves held.	X		
35	Budget is monitored regularly with variances reported to council in line with Financial regulations	Y	Electronic. Updated and reviewed at each meeting and part of AGAR process.	X		

Income control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
36	Income properly recorded and banked promptly	Y	Electronic. Updated and reviewed at each meeting. Checked quarterly as per financial regulations – paper copies signed and evidenced.	X		
37	Precept income received in bank account	Y	Receipts - Electronic and paper copies evidenced in folder, budget review. (preliminary and final).	X		
38	Effective security of cash and cash transactions	Y	No cash transactions.	X		
39	Effective security of card transactions	Y	Appropriate authorisation processes in place.	X		

Bank reconciliation		Y/N	Comments & recommendations	Risk		
				Low	Med	High
40	Regular bank statement reconciliation	Y	Updated and reviewed at each meeting. Checked quarterly as per financial regulations – paper copies signed and evidenced	X		

41	Balancing entries (adjustments) explained	Y	Where applicable – due to the low volume of transactions little or no adjustments required.	X		
42	Bank mandate up to date <ul style="list-style-type: none"> <li>Evidence of signatories</li> </ul>	Y	Reviewed 2020. Considerable issues with TSB bank but finally resolved. 4 councillors can sign checks (requires two signatures)	X		

Petty cash		Y/N	Comments & recommendations	Risk		
				Low	Med	High
43	Petty cash account used/authorised	N/A				
44	Petty cash spending supported by VAT receipt(s)	N/A				
45	Petty cash reported to Council	N/A				
46	Petty cash float reconciled/reimbursed	N/A				
47	Other	N/A				

Year-end process		Y/N	Comments & recommendations	Risk		
				Low	Med	High
48	Accounting according to <ul style="list-style-type: none"> <li>Income and expenditure</li> <li>Receipts and payments</li> </ul>	Y	Clear and easy to follow. Evidence seen.	X		
49	Bank statements reconcile to ledger	Y	Updated for each meeting and reviewed in meeting. Checked quarterly as per financial regulations – paper copies signed and evidenced	X		
50	Robust audit trail evident	Y	Updated for each meeting and reviewed in meeting. Checked quarterly as per financial regulations – paper copies signed and evidenced	X		
51	Debtors and creditors recorded	Y	Updated for each meeting and reviewed in meeting.	X		
52	Other	N/A				

Asset control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
53	Register of assets <ul style="list-style-type: none"> <li>• Reviewed</li> <li>• Up to date</li> </ul>	Part	to be reviewed at next annual meeting and updated with recent purchases – fire safe (purchased) and electronic speed sign (awaiting delivery) <b>Recommendation:</b> update asset register as & when purchases made	X		
54	Assets inspected and Health & Safety issues considered <ul style="list-style-type: none"> <li>• Play equipment</li> <li>• Street furniture</li> <li>• Fire safety</li> <li>• Defibrillators</li> <li>• Other</li> </ul>	N	<b>Recommendation:</b> Regular inspections to ensure safety maintained. Defibrillator noted on asset list as inspected monthly – is this evidenced anywhere?			X

Risk management		Y/N	Comments & recommendations	Risk		
				Low	Med	High
55	Evidence of unusual activity from minutes	N		X		
56	Annual risk assessment undertaken as a minimum	Part	based on asset / activity requirements. Gap identified - Draft Risk Management Policy on website. Previous was not maintained correctly		X	
57	Financial controls and procedures documented	Y	Evidenced on website	X		
58	Regular financial reporting to Council in line with financial regulations	Y	Reviewed and minuted at each meeting (electronic file printed and circulated at each meeting – electronic file archived)	X		
59	Reporting of bank balances minuted	Y	Reviewed and minuted at each meeting	X		
60	Grants ratified and minuted according to policy	N/A				



General		Y/N	Comments & recommendations	Risk		
				Low	Med	High
61	GPC <ul style="list-style-type: none"> <li>• Council eligible</li> <li>• GPC adopted</li> </ul>	N	No Clerk	X		
62	Back up of files adequate	Y	Backed up to encrypted hard drive with Clerk during update or stored in fire safe	X		
63	Storage of files (paper and electronic) adequate	Y	Fire safe purchased.  A previous Chair destroyed significant records so limited historical info (electronic info from 2015 / 2016)	X		
64	Local Council Award Scheme <ul style="list-style-type: none"> <li>• Foundation</li> <li>• Quality</li> <li>• Quality Gold</li> </ul>	N	No Clerk	X		

Proper Process / Practice		Y/N	Comments & recommendations	Risk		
				Low	Med	High
65	Employee posts properly recorded <ul style="list-style-type: none"> <li>• Proper Officer (Clerk)</li> <li>• RFO</li> <li>• Deputy Clerk</li> <li>• Admin assistant</li> <li>• Site staff</li> <li>• Other</li> </ul>	N	No staff members employed.  <b>Recommendation:</b> ensure acting clerk is identified as such, rather than clerk in agendas/minutes etc.	X		
66	List of Members' interests <ul style="list-style-type: none"> <li>• displayed on website</li> <li>• reviewed regularly</li> </ul>	Y		X		
67	Declarations of acceptance of office <ul style="list-style-type: none"> <li>• New councillor</li> <li>• Chairman</li> </ul>	Y		X		
68	Co-options according to policy	N/A	None to evidence	X		
69	Agenda documents correct	N	Not evidenced	X		

70	Minutes correct / signed	N	<b>Recommendation:</b> Minutes are required to be numbered sequentially (LGA 1972, Sch.12, para 41(1), 41(2) (legal requirement).			X
71	Purchase order system used/correct	Y		X		
72	Purchasing authorised in line with Financial regs / limits	Y		X		
73	Council operating within legal powers <ul style="list-style-type: none"> <li>Legal powers identified in minutes</li> </ul>	Y	Not evidenced <b>Recommendation:</b> Best Practice is to identify legal powers within minutes.	X		
74	Delegation to officers or committees <ul style="list-style-type: none"> <li>Scheme of delegation</li> <li>Limits set out in financial regulations and / or standing orders;</li> <li>adhered to;</li> <li>reported adequately</li> </ul>	N/A	<b>Recommendation:</b> Best Practice is to have a Personnel/HR Committee – no evidence of this on website	X		

		Y/N	Comments & recommendations	Risk		
				Low	Med	High
75	Contracts of employment for all staff	N/A	No employees in place.		X	
76	Written statement of particulars for all staff from day one (April 2020 onwards)	N/A	Chair acting as Clerk, RFO and Burial Officer.			
77	Proper procedures for payroll, PAYE & NI	N/A	Adverts on local noticeboards, LALC website and LALC Clerk groups led to no applicants.  Priority for FY 2022/23 to engage a clerk <b>Recommendation:</b> Review advertisement and workload to 'attract' candidates.			
78	PAYE & NI payments verified	N/A				
79	Approval of salaries and increments	N/A				
80	Approval of expense claims	N/A				
81	Minimum wage threshold met	N/A				
82	HR procedures and policies adopted / reviewed	N/A				
83	Training policy and record staff /elected Members	N/A				

84	Qualified Clerk <ul style="list-style-type: none"> <li>• CiLCA 2015 or later</li> <li>• Level 4 Community Governance or higher</li> </ul>	N/A				
85	Annual appraisal undertaken	N/A				
86	Job description up to date / reviewed	N/A				
87	Health and safety of staff workstation & PC equipment undertaken <ul style="list-style-type: none"> <li>• <a href="#">Display Screen Equipment</a></li> </ul>	N				

## Transaction spot check

Check number	1	2	3	4	5	6
Ledger date	May 2021	June 2021	September 2021	November 2021	January 2022	
Item / budget heading	GRASS CUTTING	AUDIT	GRASS CUTTING	GRASS CUTTING	GRASS CUTTING	
Reference / Cheque number	8A	9A	8B	7C	13C	
Order minute reference						
Delivery evidence		Yes – invoice & report				
Payment minute reference	8A	9A	8B	7C	13C	
Invoice value	£265.00	£20.00	£300.00	£300.00	£300.00	
Minute value	£265.00	£20.00	£300.00	£300.00	£300.00	
Payment value	£265.00	£20.00	£300.00	£300.00	£300.00	
Statement value	£265.00	£20.00	£300.00	£300.00	£300.00	
Timely payment	YES	YES	YES	YES	YES	
VAT recorded	YES	N/A	YES	YES	YES	
S137 recorded in ledger	N/A	N/A	N/A	N/A	N/A	
S137 minuted	N/A	N/A	N/A	N/A	N/A	
Notes						

## Appendix: additional areas for audit

	Allotments	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
A1	Income for allotment rentals balance	N/A				
A2	Fees charged in accordance with approved rates	N/A				
A3	Up to date occupancy details kept and securely retained	N/A				
A4	Agreements/licences issued to all plot holders	N/A				
A5	Other	N/A				

	Burials	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
B1	Cemetery accounts balance	Y		X		
B2	Fees charged in accordance with approved rates	Y		X		
B3	All interred ashes have certificates of cremation	Y		X		
B4	Permits properly documented and stored	Y		X		
B5	Cemetery regulations adopted and up to date	Y		X		
B6	Registers of burials and purchased graves completed correctly and stored safely	Y		X		
B7	Burial certificates issued correctly	Y		X		
B8	Green slips returned appropriately to Registrar	Y		X		
B9	Legible cemetery burial plan up to date <ul style="list-style-type: none"> <li>backed up if appropriate</li> </ul>	Y		X		
B10	Business rates exemptions correctly applied	N/A		X		

	Charities	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
C1	Accounted for separately	N/A				
C2	Independently audited	N/A				
C3	Returns filed within legal time limits	N/A				

	Community buildings	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
<b>Cb1</b>		N/A				
<b>Cb2</b>		N/A				
<b>Cb3</b>		N/A				

	Markets	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
<b>M1</b>	Income for stall hire balances	N/A				
<b>M2</b>	Fees charged in accordance with approved rates	N/A				
<b>M3</b>	Up to date occupancy details kept and securely retained	N/A				
<b>M4</b>	Statutory records kept / stored safely	N/A				
<b>M5</b>	Agreements/licences issued to all stall holders	N/A				
<b>M6</b>	Other	N/A				

	Other	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
<b>O1</b>						
<b>O2</b>						
<b>O3</b>						