**INTERIM INTERNAL AUDIT PROGRAMME**

**For: Holcombe Rogus Parish Council**

**Date: 10th January 2023**

**Section 1: Assets and Investments**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| Ensure there is an inventory or register of all council assets. | Asset Register in place. This was updated in December 2022. All major assets have purchase invoice details included. | Consider recording serial numbers for equipment in case they may be required as part of an insurance claim in the future. |
| Basis of asset valuation. | Valuations are based on cost of an item including play equipment. Play park field has a nominal value of £1. | Revised asset register dated December 2022 to be signed off. The asset register is very comprehensive, very well kept and presented. |
| Check assets correctly insured. | Insurance cover with Zurich Municipal. Policy No: YLL-272027-8713 from 1st June 2022 to 31st May 2023. | Insurance policy updated. Play equipment added. All assets are adequately insured. Continue to monitor and update as required. |
| Check inventory/register updated for all new asset purchases. | Register now includes all the new play equipment installed. | Asset line on AGAR will require explanation of variation at year end due to the addition of the new play equipment. |
| Check investment procedures and security | N/A | The Council has set up a play area account with Lloyds and does have a financial reserves policy in place. Continue to monitor and review for future capital projects. |
| Check investment policy in place | No investment policy in place. | The Council does not have adequate funds to operate an investment policy. |

**Section 2: Income**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| **1. CASH INCOME** |  |  |
| Check procedure for collecting and recording cash income. | Income is mainly precept, bank interest, PROW grant (P3) and S106monies from Mid Devon DC. Fundraising funds for play area in 2022. No cash is handled. |  |
| Check cash banked and frequency. | Banking is mainly electronic. Only one transaction was paid by cheque. |  |
| Check any cash balances unbanked. | No cash or cheques unbanked. |  |
| **2. CREDIT INCOME** |  |  |
| Check procedures raising invoices. | Invoices are not raised as there is no specific income generation activities. |  |
| Check all necessary invoices have been raised. | N/A |  |
| **3. CREDIT CONTROL** |  |  |
| Check responsibility for collecting sums due to Council. | N/A |  |
| Review Debtor balances | N/A |  |
| Review correspondence for chasing debts | N/A |  |
| **4. BAD DEBTS** |  |  |
| Review reasons for non-payment. | N/A |  |
| Check all reasonable steps taken to collect debts. | N/A |  |
| Check Council authority has been obtained to write off any bad debts. | No bad debts have been identified. |  |
| **5. CREDIT BALANCES** |  |  |
| Look at Debtors list and identify any overpayments. | No material overpayments. |  |
| Assess the reason for their existence and any mitigating factors related to overpayments. | N/A |  |
| **6. ACCURACY** |  |  |
| Check that VAT is correctly treated if applicable | Yes. |  |
| Check that VAT is reclaimed on a regular basis. | VAT is normally claimed annually. Due to play area investment an interim claim has been received (£11,610.23). | VAT is being dealt with correctly. Additional VAT claim to be submitted at year end. |

**Section 3: Cash and Bank**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| **1 RECEIPT OF MONIES** |  |  |
| Review procedures for receipt of cash. | No cash is collected.  Play area donations correctly recorded and balanced. |  |
| Are cash receipts listed and reconciled to cash book? | No cash receipts received during financial year to date. |  |
| Are all cheques/cash received banked on a daily basis? If not: | N/A |  |
| a) Do proper safe facilities exist? | Secure cash box in place. Key kept secure. |  |
| b) Is there adequate insurance cover in place? | Yes. Insurance cover listed under Part D of the insurance schedule. | Adequate cover in place. Continue to monitor and review. |
| **2. BANK RECONCILIATION** |  |  |
| Check bank reconciliations are performed on a monthly basis and agree on all bank accounts. | Bank reconciliations are completed on a monthly basis. Council is now using Scribe accounting software. Quarterly reports submitted to Council for approval. | Council receives regular financial information normally on a quarterly basis. This is good practice and should continue. |
| Review bank reconciliations and ensure no payments or receipts are being carried forward for a number of months. | These are all in order. No payments or receipts are being carried over month by month. |  |
| Note any unidentified bankings. | None identified. |  |

**Section 4: Payments**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| Have all cheques and BACs payments been included on payment schedule, approved by council and included in the minutes? | All income and expenditure is reported monthly as part of the agenda. Approvals for payment of accounts fully recorded in the minutes. | Continue to carry out this reporting. |
| Check payments (either from cheque book stub or cash book payment record) to supplier invoice and purchase order. Ensure payee is correct. | All in order. |  |
| Check security of cheque books, where are they stored, who has access. | Bank card and cheque book is kept in locked cash box. | Ensure that Councillors are aware that they must keep banking information and items safe and secure. |
| Make sure cheques run in number order, investigate any gaps in numbers (e.g. cancelled cheques) | All banking and payments are now electronic. One cheque payment has been made during the financial year. All in order. |  |
| Check spoiled cheques and make sure they are marked as “Cancelled” or retained. | None identified. |  |
| Examine petty cash expenses and check petty cash balances if applicable. | N/A. Council does not operate a petty cash account. |  |
| Examine all expenses claimed by employees/ councillors and check validity. | All expenses paid are in order. |  |

**Section 5: Payroll**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| Check contracts of employment for all staff are in place. | Contract is in place. Copy unavailable to review. | Ensure that a copy of the Clerk’s contract is available as part of the internal audit. It is a legal requirement to have a contract in place for all staff. |
| Check all staff on payroll against contracts of employment. Obtain explanation of why any staff on the payroll do not have contracts of employment if applicable. | All in order. Clerk is paid twice a year. |  |
| Check gross pay for each employee is at the correct rate. | All in order. |  |
| Check overtime authority, if applicable. | All in order. |  |
| Check timesheets, if used, against payroll. | Does Clerk record her hours? | Clerk should submit a timesheet to the Chair for approval. This ensures that additional hours worked are noted and that future reviews of Clerk’s hours are undertaken with evidence. |
| Check PAYE/NI paid over to inland revenue by correct date. | All in order. |  |
| Check any sick pay is laid out in Council employment policy | All in order. |  |
| Check statutory maternity pay and statutory sick pay deductions. | N/A |  |

**Section 6: Supplier Invoices**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| Check purchase orders correspond to invoices. | No process for purchase orders. All expenditure is agreed by Council and as part of the budget. |  |
| Check expenditure coding, correct budget heading and cost centre. | Council has just moved over to Scribe accounting software. Accounts are up to date and coding is appropriate for Council. | Clerk has been undertaking training with Scribe. Continue to encourage training. |
| Sample Check: Purchase order to delivery note to supplier invoice. | Supplier invoices are reported to Council for approval and correctly recorded in the accounting system. A file is maintained and up to date. Sample check was all in order. | For larger purchases consider implementing a Purchase Order system. Scribe may be able to assist. |
| Check old creditors and ascertain why still unpaid if applicable. | None identified. |  |
| Investigate any overpayments to suppliers. | None identified. |  |

**Section 7: General**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| Print and check trial balance. | All in order. |  |
| Identify whether regular bank balance information is submitted to Council. | Quarterly financial reports are presented to Full Council. | Continue to report |
| Check actual expenditure against estimates and investigate overspends. | All in order. |  |
| Check VAT returns (VAT 100) are being made on time. | All in order. Interim VAT claim submitted in 2022. | Submit a further VAT claim in April. |
| At year-end make sure that amount of VAT re-claimable (or payable), agrees with sum declared on the balance sheet. | All in order to date. |  |
| Check precept is calculated by correct budget process. | Budget process in place. Precept calculation is correct. |  |
| Check members are regularly provided with budget information. | Quarterly reports presented and provide budget and expenditure/income overview. |  |
| Ensure insurance cover is adequate. | Zurich Municipal provides insurance. Policy has been updated and all assets are adequately covered. | Continue to monitor and review against asset register. |

**Section 8: Risk**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| Check Risk Register is in place and updated annually. | All in order and regularly reviewed. | Ensure Risk Register continues to be reviewed annually and adopted by Full Council. |
| Review any IT systems and check data back-up procedures and data security is in place. | Two back-ups are taken. One memory stick is held with Clerk, one with Chair. | Recommend that back-ups are taken at least monthly following Full Council meetings and draft minutes have been written. |

**Section 9: Minutes**

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| **TASK** | **COMMENTARY** | **RECOMMENDATION** |
| Check quorum present for each full council meeting. | Quorum present at each meeting. |  |
| Check minutes properly signed. | All minutes are signed by the Chair at the meeting. |  |
| Check pages in minute books sequentially numbered. | Minute pages run in sequence. Minutes are prefaced by month number and then agenda item number. |  |
| Check there is a minute authorising precept request. | Page 41, Minute 11.10.3 |  |
| Check there is a minute authorising any change in salary scales for the Clerk and other staff, if relevant. | Page 24, Minute No: 11.8.10 |  |
| Check there are minutes authorising any exceptional financial transactions. | All financial transactions are presented to Council for authorisation. |  |
| Check minutes detailing competitive quotes for large contracts. | All in order. |  |
| Check the correct legal procedure has been followed regarding contracts over £25,000. | No contracts over £25,000 entered into this financial year. |  |
| Check Standing Orders reviewed annually and adopted. | Reviewed and adopted at the October by the Risk Management Committee. | Standing Orders (SO) need to be updated and the Covid element removed. Revised SO to be formally adopted by Full Council. |
| Check Financial Regulations reviewed annually and adopted. | Reviewed and adopted at the October by the Risk Management Committee. | Financial Regulations also need to be reviewed and updated. A revised version was provided by NALC in 2019 which covers Contracts (12) and has increased the limitations. |
| Check that payment authorisation is agreed on all outstanding accounts. | Authorisation is resolved at Full Council meetings on all expenditure. |  |
| Check that an RFO has been appointed. | Parish Clerk is also the RFO. |  |

**ACTION PLAN**

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| **TASK** | **COMMENTARY** |
| Check inventory/register updated for all new asset purchases. | Consider recording serial numbers for equipment such as computers and printers. |
| Revised asset register dated December 2022 to be signed off. | Sign off revised asset register. |
| Asset line on AGAR will require explanation of variation at year end due to the addition of the new play equipment. | Note this action for year end. |
| Play Area Account | Monitor this and potentially use for future capital projects. |
| VAT | Ensure final VAT submission is made following year end. |
| Security of banking information | Ensure Councillors who are signatories on the bank mandate are aware that they need to keep banking information secure. |
| Clerk’s contract | Ensure copy is accessible at the Clerk’s Office. |
| Timesheet | Consider maintaining a timesheet of Clerk’s hours. |
| Purchase Order system. | Consider setting up a purchase order system to improve internal controls. |
| Risk Register | Review Risk Register during this financial year and adopt by Full Council. Minute accordingly. |
| IT back-ups | * Ensure that back-ups of electronic council documentation are taken regularly and stored offsite as well as at Clerk’s Office. * Council may wish to review its cyber security and ensure that it has adequate antivirus software on the Council laptop which is regularly updated. * Council may wish to consider cloud back-up in the future. * Council may wish to consider cyber insurance in the future if it considers it necessary |
| Standing Orders | Recommend that Standing Orders are reviewed. They need to fully reflect Data Protection and elements of the Localism Act 2011. |
| Financial Regulations | Financial regulations need to be reviewed and updated now that the Country has left the EU. |