

Internal Audit Check

Lackford Parish Council – y/e 31 March 2020

A Appropriate books of account have been properly kept throughout the year

Check cash book properly written up and balanced	Accounts kept in Sage. July-September entries chosen for detailed examination.	1
Verify selection of items against bank statement	Payments as above matched against Barclays statement	1

B The Council's Financial Regulations have been met

Standing Orders formally adopted and correspond to the latest good practice	The Council has standing orders based on the model	1
Financial Regulations formally adopted and correspond to the latest good practice	<p>The Council has a set of Financial Regulations adopted in September 2018 although they did intend to adopt a new set in March 2020 (meeting was postponed due to COVID). Thus they were working to the 2018 regulations for the whole year.</p> <p>The 2018 Financial Regulations do not include a number of provisions which are in the NALC Model and have subsequently been adopted in the 2020 regulations (e.g. clause 2.2 relating to bank reconciliations).</p> <p>In addition the provision in regards to cheque signing (allowing the RFO to sign cheques on their own) is inappropriate although it is no longer in legislation that all cheques should be signed by two councillors.</p> <p>In my view the omissions in the 2018 regulations weaken the Council's control over the finances and I am pleased that the regulations now adopted remedy this.</p>	3
RFO appointed and clear duties listed	Vicky Bright was appointed as new RFO in March 2020. Prior to that, the duties of the RFO were performed by Cortina Construction Limited (John Sadler). I understand that, at the date of this audit, Vicky Bright has not yet completely taken over the role due to COVID restrictions.	2
Check selection of large or unusual purchases to ensure FRs followed	No payments over £1,000 identified (apart from routine payments to Cortina)	1

B Payments were supported by invoices, expenditure was approved and VAT properly accounted for

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Check selection of payments to ensure properly authorised.	Payments are approved at Council meetings.	1
Check vouchers relating to above	Scans of invoices, etc. seen and in order	1
Check VAT has been properly accounted for (for income, see below)	I have some concerns as to whether VAT on expenditure on the Car Park light can be properly claimed. It does not seem to fall under the conditions in paragraph 6.1 of VAT notice 749. In particular, the VAT invoice was not addressed to the Council.	3
Additionally check random selection of large payments in cash book	No issues	1
If electronic banking is used ensure that proper procedures are in place as provided for in the new model Financial Regulations.	The provisions in the 2019-2020 Financial Regulations are very sparse in relation to online banking. I am pleased that the Council is now adopting a more comprehensive set of regulations which specify in much more detail how internet banking should be administered. This means that the procedures used during 2019-2020 were not as secure as they should be.	3
Check any s137 for amount, validity	I note that in the meeting dated 17 June 2019 it was agreed to pay for the Car Park light under S137. However, the Council has powers to provide lighting under Parish Councils Act 1957, s. 3; Highways Act 1980, s.301. It is thus inappropriate to use S137 for this.	2
Check VAT reclaim(s) during the year or, if Council is registered, check that VAT returns correspond with the underlying records.	A claim was made during the year. Note my reservations about the eligibility of one of the payments.	2
C The Council assessed the significant risks to achieving its objectives and had adequate arrangements to manage these		
Formal risk assessment documents available for inspection	The council does not have a formal risk register	3
Do the minutes record the council carrying out an annual risk assessment?	Risk was reviewed at the meeting in May 2019 and minuted. It was intended to revisit this in May 2020 but this was not done because of the COVID-19 issues.	2

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Is the insurance cover appropriate and adequate – see also H below	The Council has appropriate insurance (but note comment at H below)	1
D The annual precept requirement resulted from an adequate budgetary process		
Has the Council prepared an annual budget in support of its precept?	Budget was approved at Council meeting on 10 December 2018. Precept of £7,650 was approved	1
Is the precept based upon realistic assumptions including evaluation of required balances?	No issues	1
D Progress against the budget was regularly monitored and reserves were appropriate		
Review existence and adequacy of budgetary reports	Detailed budget reports from SAGE are circulated to Council meetings and discussed	1
Are there any significant unexplained variances?	None	-
E Expected income was fully received, based upon correct prices, properly recorded and promptly banked; and VAT was properly accounted for		
Precept paid as requested and banked properly	Paid by BACS	1
Is other income properly accounted for and are adequate procedures in place?	The Council has no significant additional income	1
If appropriate, is the Council VAT registered and, if so, is VAT being properly charged?	Not registered	-
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT properly accounted for		
Is all petty cash expenditure supported by VAT receipts?	None	-
Is petty cash expenditure regularly reported back to the Council?		
Is reimbursement carried out regularly?		

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G Salaries to employees and allowances to members were paid in accordance with council approvals

Do all employees have properly drawn up contracts of employment?	Up until recently the Council had no employees, the duties of Clerk and RFO being carried out through a limited company, Cortina Construction Limited. The new Clerk has a contract of employment	1
Has the Council approved all salaries and do payments correspond with these decisions?	This is properly done	1
Are other payments (e.g. expense payments) reasonable and properly approved?	All other payments are approved by the Council	1

G PAYE, NI and pension requirements were properly applied

Check PAYE and NI. Alternatively, if a bureau is used, check the records of payments.	Payroll is administered by SALC	1
Check end of year returns or, if a bureau is used, check that the documentation is in order.	As above	1
Check that requirements for workplace pensions have been followed	No issues	1

H Asset and investment registers were complete and accurate and properly maintained

Does the Council have an Asset Register and is it regularly maintained?	The Council has an asset register.	1
Ensure assets purchased during year (see minutes) are recorded	Dell computer purchased in June 2019 has been added	1
Do asset insurance values correspond to values in the asset register?	The insurance schedule only includes 'Street furniture'. The council has a Dell computer and a radar speed sign which do not appear in the schedule	3

I Periodic and year-end bank account reconciliations were properly carried out

Check for regular (monthly / quarterly) bank reconciliations for all accounts	The year end reconciliation has been properly prepared. Regular reconciliations are carried out and circulated as part of the meeting papers. The Financial Regulations due to be adopted in March 2020 restore the provision as to quarterly signed-off reconciliations. However these new provisions were not in force for the year 2019-2020	2
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Are reconciliations accurate and do they contain no unexplained items?	Not aware of any	1
J Year-end accounts were prepared on the correct accounting basis, agreed with cash book, were supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded		
Are year-end accounts produced on the correct basis R&P or I&E)?	Sage presents accounts on an income and expenditure basis and these figures have been entered into the AGAR. A correction has been made to a previous error in box 8.	1
Verify accounts to cash book	Boxes 1-7 reconcile to the Sage accounts	1
Is there an audit trail from underlying financial records to the accounts? (I&E only)	Adequate	1
Verify debtors and creditors (I&E only)	The only debtor is VAT. There is an accrual of £500 under Parish Clerk which is described as “Accrual for payment agreed with Chris”. I am advised that this represents a provision for a termination payment which is still under discussion.	2
K . IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (“Not Covered” should only be ticked where the authority had a limited assurance review of its 2018/19 AGAR)		
Did the Council satisfy this requirement?	Yes	1
L During summer 2019 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations		
Check evidence of this	Yes	1
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee		
Verify this was the case	None	-

Levels of assurance: 1 – high, 2 – substantial, 3 – limited, 4 – minimal, n/c – not covered at this visit

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