



# Lincolnshire Association of Local Councils

## Internal Audit Checklist 2023/24

<b>Name of Parish or Town Council</b>	East Keal Parish Council		
<b>Parish Council website</b>	<a href="https://east-keal.parish.lincolnshire.gov.uk/">https://east-keal.parish.lincolnshire.gov.uk/</a>		
<b>Name of internal auditor</b>	Steve Fletcher		
<b>Date of audit process</b>	18 <sup>th</sup> March 2024		
<b>Type of audit (Please tick)</b>	Intermediate	<input checked="" type="checkbox"/>	Year-end (including AGAR) <input type="checkbox"/>
<b>Council contact information</b>	<b>Name</b>	<b>Email</b>	
<b>Clerk</b>	Hannah McKinlay	<a href="mailto:ekpcclerk101@gmail.com">ekpcclerk101@gmail.com</a>	
<b>RFO* if different</b>	n/a	n/a	
<b>Chairman*</b>	Cllr Graham Pearson	<a href="mailto:grahamekpc@gmail.com">grahamekpc@gmail.com</a>	
<b>Electorate</b>	314	<b>Total number of seats</b>	7
<b>Quorum</b>	3	<b>Number of councillor vacancies</b>	1 (evidenced website)
<b>Precept Demand 2023/24</b>	£2,200	<b>Gross budgeted Income</b>	-
<b>Date of most recent audit</b>	March 2023 (AGAR)	<b>Date of next audit</b>	Year end and AGAR - TBC
	<b>Y/N</b>	<b>Comments</b>	
<b>Has the internal auditor seen previous audit reports including the most recent?</b>	Y	Report within files.  Note: Internal Audit not published on website.	
<b>Is there evidence that previous internal and external audit reports have been acted upon?</b>	Y	Signed balance sheet presented to Council and IA report was an agenda item 15.11.2023.	

Key governance review		Y/N	Comments & recommendations	Risk <sup>i</sup>		
				Low	Med	High
1	Standing orders (tailored and reviewed)	Part	Evidenced – Website Last updated 2020.		✓	
2	Financial regulations* (tailored and reviewed)	Part	Evidenced – Website. Updated 2023. Updates to contract thresholds needed (January 2024)	✓	✓	
3	Terms of reference (committees / working groups)	n/a	No committees.	-	-	-
4	Code of Conduct* (elected members)	Part	Evidenced – Website Last updated 2018.		✓	
5	Complaints procedure* (tailored and reviewed)	Y	Evidenced – Website Updated 2023.	✓		
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 e.g. vehicles, assets, equipment, volunteers ...</li> </ul>	Y	Evidenced – Physical sight of certificates.  Insurance certificates are not displayed (published) on the website (best practice).  Cover valid from 01.06.23 to 31.05.23	✓		
7	Council contact details available online	Y	Evidenced – Website	✓		
8	Up to date employment contracts for all staff	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
9	Publication scheme in place*	N	Not evidenced			✓
10	GDPR policies in place* <ul style="list-style-type: none"> <li>• Record Retention Schedule</li> <li>• Data Breach Policy</li> <li>• Process for dealing with a Subject Access Request</li> <li>• Security Compliance Checklist ....</li> </ul>	Y	Evidenced – website.	✓		
		Y	Evidenced – website.	✓		
		Y	Evidenced – website.	✓		
		N	Not evidenced.			✓
11	Arrangement for inspection of public records adequate*	Y	Evidenced – website.	✓		
12	External audit report published by 30 Sept (if relevant) *	n/a	Certificate of exemption evidenced - website	✓		

Transparency		Y/N	Comments & recommendations	Risk		
				Low	Med	High
13	End of year accounts published by 1 July*	Y	Evidenced – website (note: undated)	✓		
14	Annual Governance statement published by 1 July* <ul style="list-style-type: none"> <li>Correctly claimed exemption from audit (if relevant)</li> </ul>	Y	Certificate of exemption evidenced - website	✓		
15	Internal audit report published by 1 July*	Y	Evidenced – website	✓		
16	Agendas and meeting papers published within three clear days*	Y	Evidenced – website	✓		
17	Past 5 years of annual returns available online*	Y	Evidenced – website	✓		
18	Asset register published by 1 July*	Part	Work in progress	✓	✓	
<b>Councils under £25K turnover and over £200K (Best Practice for those under £200K):</b>						
19	All items of expenditure above £100 published by 1 July (over £500 for larger Councils)	Y	Evidenced – website (minutes)	✓		
20	Councillor responsibilities published by 1 July	Y	Evidenced – website	✓		
21	Draft minutes (notes) published within one month of the meeting	Y	Evidenced – Website (undated)	✓		
<b>Councils over £200K turnover:</b>						
22	Senior officer salaries published*	n/a	–	–	–	–
23	Data on issues important to local people (e.g., parking, grants)*	n/a	–	–	–	–
24	Procurement information over £5,000 published*	n/a	–	–	–	–

Accounting		Y/N	Comments & recommendations	Risk		
				Low	Med	High
25	Cashbook maintained and up to date	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
26	Arithmetically correct (checks / balance)	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
27	Evidence of internal control	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
28	VAT* <ul style="list-style-type: none"> <li>evidence of recording</li> <li>evidence of reclaiming</li> </ul>	Y	Evidenced – Physical sight of relevant documentation.	✓		
		N	Claim still within 3 year timeframe	✓		
29	All payments supported by authorised, minuted invoices	Y	Evidenced – files and minutes	✓		
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	Evidenced – files. Physical sight of relevant documentation.	✓		
31	Payments made in accordance with financial regulations <ul style="list-style-type: none"> <li>Cheque Payments</li> <li>Online banking</li> <li>BACS</li> <li>Direct Debit</li> </ul>	Y n/a n/a n/a	Evidenced – files. Physical sight of relevant documentation.	✓		

Budget		Y/N	Comments & recommendations	Risk		
				Low	Med	High
32	Annual budget in support of precept approved by full council*	Part	Precept evidenced – minutes November 2023. (no budget evidenced)	✓	✓	
33	Precept demand properly minuted*	Y	Evidenced – minutes November 2023	✓		
34	Earmarked reserves reviewed	n/a	General reserves only	–	–	–
35	Budget (finance) is monitored regularly with variances reported to council in line with Financial regulations. <ul style="list-style-type: none"> <li>Variances from budget explained</li> </ul>	Y	Evidenced - minutes	✓		

Income control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
36	Income properly recorded and banked promptly	Y	Minimal income only – Evidenced - files	✓		
37	Precept income received in bank account	Y	Evidenced – files/minutes	✓		
38	Effective security of cash and cash transactions	n/a	-	-	-	-
39	Effective security of card transactions	n/a	No card transactions	-	-	-

Bank reconciliation		Y/N	Comments & recommendations	Risk		
				Low	Med	High
40	Regular bank statement reconciliation	Y	Evidenced – files/minutes	✓		
41	Balancing entries (adjustments) explained	n/a	No adjustment necessary during 2023/24 (to date)	✓		
42	Bank mandate up to date. • Evidence of signatories	Part	To be updated at March meeting – Evidenced agenda (20.03.2024)	✓		

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	-	-	-	-

Year-end process – To be reviewed with AGAR		Y/N	Comments & recommendations	Risk		
				Low	Med	High
47	Accounting according to • Receipts and payments	-	-	-	-	-
48	Bank statements reconcile to ledger	-	-	-	-	-
49	Robust audit trail evident	-	-	-	-	-
50	Debtors and creditors recorded	-	-	-	-	-

Asset control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
51	Register of assets* • Reviewed / Up to date	Part	Work in progress – LALC template to be forwarded to the Clerk.	✓	✓	
52	Assets inspected and Health & Safety issues considered*	Y	Undertaken by individual Cllrs – advise Council to request template recording documents from insurer / LALC	✓	✓	

Risk management		Y/N	Comments & recommendations	Risk		
				Low	Med	High
53	Risk management scheme in place	Part	Policy Evidenced – website. LALC template to be forwarded to the Clerk.	✓	✓	
54	Annual risk assessment undertaken as a minimum	Part	Work in progress	✓	✓	
55	Financial controls and procedures documented	Y	Evidenced – Financial Regulations	✓		
56	Regular financial reporting to Council in line with Financial regulations	Y	Evidenced – files/minutes	✓		
57	Reporting of bank balances minuted	Y	Evidenced – minutes	✓		
58	Grants ratified and minuted according to policy	Y	Evidenced – minutes (donation to PCC)	✓		
59	Evidence of unusual activity from minutes	N	Evidenced – minutes	✓		

General		Y/N	Comments & recommendations	Risk		
				Low	Med	High
60	GPC • Council eligible • GPC adopted / up to date	n/a	-	-	-	-
61	Back up of files adequate	Y	External hard drive	✓		
62	Storage of files (paper and electronic) adequate	Y	Documents stored at Clerks' place of work – recommend purchase fireproof cabinet / insurance review	✓		
63	Local Council Award Scheme • Foundation • Quality • Quality Gold	n/a	-	-	-	-
64	Website Accessibility Statement published online*	Y	Evidenced – website	✓		

Proper Process / Practice		Y/N	Comments & recommendations	Risk		
				Low	Med	High
65	Employee posts properly recorded/ correct job descriptions. • Proper Officer (Clerk) & RFO	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
66	List of Members' interests* • displayed on website • reviewed regularly	N	Available on ELDC website but no link from EKPC website.		✓	
67	Declarations of acceptance of office* • New Councillor • Chairman	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
68	Co-options according to policy	N	No policy evident.	✓	✓	
69	Agenda documents correct	Y	Evidenced – files / website.	✓		
70	Minutes correct / signed*	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
71	Purchase order system used/correct	n/a	Verbal / email – Satisfactory audit trail	✓		
72	Purchasing authorised in line with Financial regs / limits	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
73	Council operating within legal powers* • Legal powers identified in minutes	Y	Evidenced – files / website. Note: Council does not list legal powers within minutes – this is best practice only and not mandatory.	✓		
74	Delegation to officers or committees • Scheme of delegation • Limits set out in financial regulations and / or standing orders; • adhered to; • reported adequately	Part	Evidenced – files. Note: Some matters delegated to individual Cllrs with little or no record of reporting or control methods.	✓	✓	

Payroll & HR		Y/N	Comments & recommendations				Risk		
							Low	Med	High
75	Written statement of particulars for all staff from day one (April 2020 onwards) *	Y	Evidenced – files. Physical sight of relevant documentation.				✓		
76	Proper procedures for payroll, PAYE & NI*	Y	Evidenced – files. Physical sight of relevant documentation				✓		
77	Is payroll inhouse or external provider used?	Y	In-house	✓ HMRC Online	External	✗	✓		
78	PAYE & NI payments verified	Y	Employee below limit for PAYE / NI Contributions. Council should clarify its position on its NI contribution responsibilities.				✓	✓	
79	Approval of salaries and increments	Y	Evidenced – files/minutes. Physical sight of relevant documentation.				✓		
80	Approval of expense claims	Y	Evidenced – minutes. Physical sight of relevant supporting documentation.				✓		
81	Minimum wage threshold met.	Part	The Council is paying an hourly rate above minimum threshold, however, additional hours necessary for the Clerk to undertake the role effectively and legally should be reviewed and considered.				✓	✓	
82	HR procedures and policies adopted / reviewed.	N	None evident. – Clerk has raised this with Council.					✓	✓
83	Training policy and record staff /elected Members	Part	No separate training budget for staff / elected Members				✓	✓	
84	Qualified Clerk • CiLCA 2015 or later / Level 4 Community Governance	N	-				-	-	-
85	Annual appraisals undertaken.	Part	Annual appraisal scheduled to be undertaken April 2024				✓		
86	Job description up to date / reviewed.	Y	September 2023.				✓		



87	Health and safety of staff workstation & PC equipment undertaken * <ul style="list-style-type: none"> <li>• <a href="#">Display Screen Equipment</a></li> <li>• PAT Testing</li> </ul>	N	Time issue for Clerk due to work demands. PAT testing of Council owned equipment necessary.					✓	✓	
88	Adequate Pension provision in place  Pension Regulator no: 000153 / 352	n/a	LGPS		–		✓			
NEST		–								
Other		–								
	<ul style="list-style-type: none"> <li>• Automatic Enrolment for Staff*             <ul style="list-style-type: none"> <li>○ Clerk</li> </ul> </li> </ul>		<b>Notes</b>				✓			
Y		–	N		–	Opted Out				✓
Y		–	N		✓	Below Threshold				
Y		✓	N		–	Evidenced – original documentation.				
Y		✓	N		–	2021				
	<ul style="list-style-type: none"> <li>• Opt Out Evidenced*</li> </ul>		Y	✓	N	–	Evidenced – original documentation.			
	<ul style="list-style-type: none"> <li>• Declaration of Compliance*</li> </ul>		Y	✓	N	–	2021			
	<ul style="list-style-type: none"> <li>• Redeclaration of Compliance</li> </ul>		Y	–	N	–	Due 2025			

## Transaction spot check

Check number	1	2	3	4	5	6
Invoice date	11.04.23	19.05.23	01.06.23	04.09.23	28.09.23	24.11.23
Source	LALC	PCC	Reimbursement	Keal Village Hall	RBLA	Reimbursement
Cheque number	580	586	588	591	592	595
Delivery evidenced	✓	✓	✓	✓	✓	✓
Payment minuted	✓	✓	✓	✓	✓	✓
Invoice value	268.39	50.00	52.99	40.00	23.98	20.90
Minute value / payment schedule agrees	✓	✓	✓	✓	✓	✓
Payment value agrees	✓	✓	✓	✓	✓	✓
Statement value agrees	✓	✓	✓	✓	✓	✓
Timely payment	✓	✓	✓	✓	✓	✓
VAT recorded	20.00	-	8.83	-	-	-
S137 recorded in ledger	n/a	n/a	n/a	n/a	Y	n/a
S137 minuted	n/a	n/a	n/a	n/a	Y	n/a
<b>Notes</b>	Reserves Balance as at 01.03.2024: <b>£2,094.43</b>			Bank reconciliation as at 29.02.2024: (Lloyds) <b>£3,404.90</b>		

## Appendix: Additional Areas for Audit (Council Specific)

	Land	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
A1	Income for allotment rentals balance	Y	Evidenced minutes – Charging issue addressed by Council	✓		
A2	Fees charged in accordance with approved rates	Y	Evidenced minutes	✓		
A3	Up to date occupancy detail kept and securely retained	Y	Evidenced – files. Physical sight of relevant documentation.	✓		
A4	Agreements/licences issued to tenant	Y	Evidenced minutes	✓		

### Notes.

High and medium risk items may lead to the internal auditor stating that the Council does not comply with one or more assertions on the AGAR form at the end of the financial year.

<sup>i</sup> **High risk** – these items should be dealt with as a **high priority** because they may affect one or more of the following – statutory and must be done, high financial risk which could reveal the council to losses, not compliant with Proper Practices in the Practitioners’ Guide, high risk of reputational damage, failure to comply may lead to penalties, prosecution or legal action.

**Medium risk** – these items need to be improved to meet one or more of the following - statutory requirements, support internal control, reduce the risk of financial loss and reputational damage, improve governance, improve compliance with proper practices in the Practitioners’ Guide, and to improve procedures that should be in place.

**Low risk** – these items are usually **best practice** to improve governance, internal control, transparency, efficiency and effectiveness.

\* - Asterisked items are **statutory requirements** and **should be in place** where applicable.