



Lincolnshire Association of Local Councils Internal audit checklist 2021/22

Name of Parish or Town Council		Pointon and Sempringham Parish Council	
Parish Council website		https://pointon.parish.lincolnshire.gov.uk/	
Name of internal auditor		Mr A. Everard	
Date of audit		19.7.2022	
Type of audit Please select		Intermediate	Year-end (including AGAR)
Council contact information		Name	Email
Clerk		Rowena Boden	pointon.parish@gmail.com
RFO if different		Same as above	
Chairman		Cllr Wesley	dcwesleypointonpc@outlook.com
Electorate	421	Total number of seats	7
Quorum	3	Number of councillor vacancies	0
Precept Demand 2021/22	£9725	Gross budgeted Income	Not known
Date of most recent audit	13/7/2021	Date of next audit agreed with Clerk	
		Y/N	Comments
Has the internal auditor seen previous audit reports including the most recent?		Yes	<p>A written report was produced by P.Taylor, Peterborough Accountancy Services dated 13/7/2021 which highlighted,</p> <ul style="list-style-type: none"> • No annual risk assessment. • AGAR figures in Box 6 and Box 7 were incorrect. • Lack of detailed income and expenditure reports. • Income and expenditure not recorded in the minutes. • Few invoices were provided for the internal auditor • Lack of VAT recording.

Is there evidence that previous internal and external audit reports have been acted upon?	No	My internal audit of 2021-22 financial year suggests that the Parish Council has not taken clear and robust action to implement the previous internal auditor's recommendations.
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Key governance review		Audit Y/N	Comments & recommendations	Risk		
				Low	Med	High
1	Standing orders (tailored and reviewed)	Y	2021-22 - unclear when the Standing Orders were approved. 2022-23 the parish council has adopted new updated Standing Orders in July 2022.			
2	Financial regulations (tailored and reviewed)	Y	2021-22 - Lack of evidence when the Financial Regulations were approved and still in model NALC format and not tailored to suit the parish council's needs. 2022-23 the parish council has adopted updated Financial Regulations in July 2022.			
3	Terms of reference (committees / working groups)	Y	No terms of reference displayed on the PC website. No committees were in place. <i>Recommended that the parish council put in place a HR Committee with Terms of Reference and the Chair of the HR Committee should not be the Chair of the Parish Council to manage employment matters.</i>		✓	
4	Code of Conduct (elected members)	Y	2021-22 Code of Conduct displayed on the PC website adopted January 2021. A new Code of Conduct based on the LGA/SKDC Code of Conduct has been adopted by the parish council in July 2022 and all parish councillors have signed it. This is good practice and complies with the S.27 and S.28 Localism Act 2011.			
5	Complaints procedure (tailored and reviewed)	Y	It was not possible to ascertain if a complaints policy was in place during 2021-			

			22. The Complaints Policy has been reviewed and adopted 19/7/2022. This is good practice.			
6	<p>Insurance Cover</p> <ul style="list-style-type: none"> • Reviewed annually • Certificate(s) viewed & valid • Employees' Liability Cover in place and published • Public Liability Cover • Employees' Fidelity Guarantee • Councillors' ages reviewed and recorded • Other eg vehicles, assets, equipment, volunteers ... 	Y	<p>An insurance policy is in place with Zurich. It was renewed in 2022 without a full review that it meets the parish council's needs, however, it has £10million Public Liability insurance in place and buildings and other assets were listed. However, the parish council's asset register needs to be updated as this is a key document needed by an insurer in the event of a claim.</p> <p><i>Recommend that the council conducts a review of the insurance policy coverage is conducted in 2022-23 financial year.</i></p>			✓

Transparency		Y/N	Comments & recommendations	Risk		
				Low	Med	High
7	Internal controls (statement or review)	Y	<p>Internal controls statement not available. Annual Governance Statement completed for 2021-22 and published.</p> <p><i>Recommended that parish council conducts a mid-year internal controls statement during 2022-23 financial year and publishes it.</i></p>			✓
8	Investment strategy	N	Not applicable			
9	Publication scheme (reviewed)	Y	<p>A Publication Scheme is a legal requirement under S.19 Freedom of Information Act 2000. It is not clear if the parish council complied with this for 2021-22. A model Publication Scheme amended to meet the needs of this parish council was adopted in July 2022. This now complies with the statutory duty.</p>			
10	Risk assessment (statement or review)	Y	<p>A risk register should be maintained by the parish council as this will highlight some of the high risk areas of the parish council's assets and</p>			✓

			services which may need to be mitigated. Failure to carry out this task can lead to increased risks of failure, inability to cope with incidents and events and a lack of control. <i>Recommended that a risk register is set up to collate the main risks facing the parish council and to ensure the council considers carefully mitigations to reduce high risks.</i>			
11	Pay policy (staffing - reviewed)	Y	A Pay Policy was not in place			
12	Spending authorised	Y	Not all spending appears to have been authorised. The new Clerk is working through suppliers and payments to address this.			
13	Procurement correctly administered	Y	There were weaknesses identified in some processes. Some purchases were done by councillors rather than the Clerk.			
14	Land and assets (reviewed)	Y	Asset register needs to be checked and the purchase values need to be confirmed. <i>Recommend the Asset Register is checked and brought up to date and published.</i>			✓
15	Adequate GDPR policy / procedures in place	Y	The new Clerk is putting the policies and processes in place.			
16	Arrangement for inspection of public records adequate	Y	Compliant for 2020-21 following the appointment of the new Clerk.			
Transparency codes mandatory for councils with turnover under £25k and over £200k						
17	All items of expenditure above £100 published by 1 July	Y	A list of all payments over £100 not displayed. <i>Recommend that the cash book subject to GDPR is published in PDF format on the website alongside other 2021-22 AGAR documents.</i>			✓
18	End of year accounts published by 1 July	Y	The Annual Accounting Return was published at the beginning of July 2022			
19	Annual Governance statement published by 1 July	Y	The Annual Governance Statement was published at the beginning of July 2022			
20	Internal audit report published by 1 July	Y	Internal Audit not completed until August 2022 after AGAR approved. <i>Recommended that the internal audit is completed mid-year and at the end of financial</i>			✓

			<i>year prior to the signing of the Annual Governance Statement and Annual Accounting Statement so parish council can approve these statements and the Exemption Certificate aware of any weaknesses and failures in internal controls and lawfulness of their activities.</i>			
21	Councillor responsibilities published by 1 July	Y	The parish council website was not up to date showing out of date information at the time of the internal audit https://pointon.parish.lincolnshire.gov.uk/contact . <i>Recommended that the councillor's details and responsibilities are updated as soon as possible.</i>			✓
22	Asset register published by 1 July	Y	The asset register has not been published for 2021-22. <i>Recommended that the parish council complies with its duties under the Transparency Code and Accounts and Audit Regulations.</i>			✓
23	Agendas and meeting papers published within three clear days	Y	Minutes show that the agendas were not published timeously throughout the financial year 2021-22 as this issue was raised at some meetings by members of the public or councillors. <i>Recommended that the parish council ensures that the Proper Officer responsibilities are consistently applied in accordance with Local Government Act 1972 Schedule 12 paragraph 10 (2).</i>			✓
24	Draft minutes published within one month of the meeting	Y	Draft minutes were not circulated timeously throughout the financial year 2021-22 and draft notes had to be taken away during meetings to be amended for approval at a future meeting. <i>Recommended that the Proper Officer ensures that draft minutes are circulated in good time so any comments can be incorporated prior to publication and adoption at the next meeting consistent with the Transparency Code.</i>			✓

Accounting		Y/N	Comments & recommendations	Risk		
				Low	Med	High
25	Cashbook maintained and up to date	Y	The internal audit for 2020-21 highlighted some weaknesses in the calculations of cash book totals. The new clerk has reviewed the 2020-21 financial year and checked the 2021-22 financial year and has now put in place controls to keep the cash book up to date.			
26	Arithmetically correct (checks / balance)	Y	The cash book balances for 2021-22 appear to be arithmetically correct.			
27	Evidence of internal control	Y	Two councillors authorised online payments, however, some payments have been made that may not be the responsibility of the parish council.			
28	VAT <ul style="list-style-type: none"> evidence of recording evidence of reclaiming 	Y	A VAT reclaim has not been submitted since 2020. The cash book for 2021-22 was not accurate and is being updated to identify VAT and to ensure the council holds VAT invoices billed to the parish council. <i>Recommend that VAT is identified and if appropriate invoices need to be sought from suppliers if they should have been issued in the name of the parish council (alternatively some VAT costs may need to be passed onto contractors/tenants of the council as they were not accurately handled during 2021-22 – some may need to be billed to Aliro).</i>			✓
29	All payments supported by authorised, minuted invoices	Y	The new Clerk is obtaining the records to provide assurance for this. Some further work was to be completed as in item 28.			
30	s.137 <ul style="list-style-type: none"> Recorded separately within accounts Within legal threshold limits for the current year Spend in accordance with legislation 	Y	<i>Recommend that a S.137 column is added to the cash book to demonstrate that it is considered as expenditure occurs.</i>		✓	

31	Payments made in accordance with financial regulations <ul style="list-style-type: none"> • Cheques • Online banking • BACS • Direct Debit • Credit or debit cards • Other payments 	Y	It can be helpful to record in the cash book by adding a column to record the method of payment such as the cheque number, DD, BACs, Debit card or SO.			
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Budget		Y/N	Comments & recommendations	Risk		
				Low	Med	High
32	Annual budget in support of precept	Y	While papers were circulated it is not apparent from the minutes in January 2021 what the actual budget is and the figure was not published in minuted 12 a and b. The Council would be unable to answer a Freedom of Information Act request as the papers are not held by the Clerk. The reasons for budget changes were not explicitly recorded. Transparency of council's tax-raising decisions and spending decisions are not apparent. <i>Recommend that the approved budget is minuted in accordance with Section 3 of the Financial Regulations</i>			✓
33	Precept demand properly minuted	Y	The precept for 2020-21 was minuted at January 2021 12.c as £9725 but not formally approved and resolved. The minutes state the precept figure and go on to discuss changes required. It is not clear if the precept was changed or unchanged. <i>Recommend that the minutes show the amount that has been resolved.</i>			✓
34	Earmarked reserves reviewed	Y	There are no reserves identified. This suggests that the parish council has not undertaken a regular review of its spending			✓

			decisions and ensuring it has sufficient funds to cover risks and future spending. <i>Recommend that the parish council applies paragraph 4.9 of the Financial Regulations.</i>			
35	Budget is monitored regularly with variances reported to council in line with Financial regulations	Y	As no approved budget figures were published in January 2021 12 a and b there is no evidence that section 3 and 4 of the Financial Regulations have been applied throughout the year and periodically actual expenditure against forecast budget been considered during the year. It makes it very difficult for the parish council to demonstrate internal controls and robust financial control. <i>Recommend that the approved budget and actual expenditure is monitored and reported at regular intervals throughout the financial year to comply with the approved Financial Regulations Section 4.</i>			✓

Income control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
36	Income properly recorded and banked promptly	Y	Pointon FC were not billed regularly during parts of 2021-22 financial year. <i>Recommend that all sources of income are identified and monitored and billing is regularly recorded and minuted.</i>			✓
37	Precept income received in bank account	Y	Bank account deposit 7/4/2021			
38	Effective security of cash and cash transactions	N	Not applicable			
38	Effective security of card transactions	N	Not applicable.			

Bank reconciliation		Y/N	Comments & recommendations	Risk		
				Low	Med	High
39	Regular bank statement reconciliation	Y	It is not evident from the minutes for 2021-22 that a bank statement reconciliation has occurred during the financial year as part of a robust internal financial control. Recommended that a quarterly bank reconciliation is prepared by the RFO and approved by a non-banking councillor in accordance with Paragraph 2.2 Financial Regulations.			✓
40	Balancing entries (adjustments) explained	Y	Not applicable because no evidence that a banking reconciliation was carried out for 2021-22.			
41	Bank mandate up to date <ul style="list-style-type: none"> Evidence of signatories 	Y	Bank mandate is functional. Currently 3 signatories. <i>Recommended that the RFO should be added to the Bank Mandate in accordance with Paragraph 6.15 of Financial Regulations.</i> <i>Recommended that the parish council must ensure that it has sufficient signatories with appropriate bank account operating powers to be able to sign cheques and amend the bank mandate due to the increased risks if one or more signatories are unavailable (which should also be covered in the Risk Register).</i>			✓
Petty cash		Y/N	Comments & recommendations	Risk		
				Low	Med	High
42	Petty cash account used/authorised	N	N/A			
43	Petty cash spending supported by VAT receipt(s)	N	N/A			
44	Petty cash reported to Council	N	N/A			
45	Petty cash float reconciled/reimbursed	N	N/A			
46	Other	N	N/A			

Year-end process		Y/N	Comments & recommendations	Risk		
				Low	Med	High
47	Accounting according to <ul style="list-style-type: none"> Income and expenditure Receipts and payments 	Y	The new Clerk reconstructed some spending records to be able to complete the AGAR. Based on the evidence available previous year figures were restated.			
48	Bank statements reconcile to ledger	Y	The bank statements should be available to the Clerk/RFO throughout the year so that they can complete their work and Councillors should then ensure that the checks listed in Financial Regulations are then completed to check figures are accurate and spending is authorised. <i>Recommend that regular bank reconciliations and to the ledger/cash book are completed</i>			✓
49	Robust audit trail evident	Y	The new Clerk/RFO is competent and is putting in place firmer controls. This was not evident during 2021-22 financial year.			
50	Debtors and creditors recorded	Y	The new Clerk is working to ensure that all debtors and creditors relating to 2021-22 have been accounted for and robust controls are in place for 2022-23 financial year.			
51	Other	Y	AGAR Accounting and Governance Statements were approved by the Council before an Internal Audit was completed. <i>Recommend that Internal Audits are completed mid-year and end of year so that Councillors have the Internal Audit reports available to read and consider before approving AGAR statements.</i>			✓

Asset control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
52	Register of assets <ul style="list-style-type: none"> • Reviewed • Up to date 	Y	Asset register is not complete, values inaccurate and not in the required format specified in the Practitioners' Guide 2022-23– paragraphs 5.56-5.66. <i>Recommended that the register of assets is updated to comply with the Practitioners' Guide</i>			✓
53	Assets inspected and Health & Safety issues considered <ul style="list-style-type: none"> • Play equipment • Street furniture • Fire safety • Defibrillators • Other 	Y	Evidence of regular inspections for safety or risk management not available. <i>Recommended that a schedule of regular inspections is implemented of parish council assets and to keep the result of inspections to inform the work of the council mitigating risks, deciding levels of reserves and insurance cover.</i>			✓

Risk management		Y/N	Comments & recommendations	Risk		
				Low	Med	High
54	Evidence of unusual activity from minutes	Y	a) Pointon Sports and Social Club liquidation b) Change of Clerk and impending employment tribunal case c) Appointment of Aliro as the tenant of the Pavillion d) Covid lockdown in place at times			
55	Annual risk assessment undertaken as a minimum	Y	Risk register not found. <i>Recommended that a Risk Register is set up and reviewed regularly by the parish council in accordance with Financial Regulation 16.</i>			✓
56	Financial controls and procedures documented	Y	<i>Recommend that Financial Regulations are followed.</i>			✓

57	Regular financial reporting to Council in line with Financial regulations	Y	Invoiced amounts were presented for payment. However, there does not appear to have been a robust audit trail for contracts, ordering, authorisation of payment and payment. Councillors were sourcing goods rather than through the Clerk & RFO. <i>Recommend that proper procurement and contracting arrangements are put in place in accordance with Standing Orders and Financial Regulations</i>			✓
58	Reporting of bank balances minuted	Y	Bank balances were not minuted throughout the financial year. <i>Recommend that bank balances are minuted regularly.</i>			✓
59	Grants ratified and minuted according to policy	Y	<i>Recommend that a Grant Award Policy is adopted.</i>		✓	

General		Y/N	Comments & recommendations	Risk		
				Low	Med	High
60	GPC <ul style="list-style-type: none"> • Council eligible • GPC adopted 	Y	Not eligible			
61	Back up of files adequate	Y	There seemed to be a lack of documents provided to the new Clerk and there was no laptop. It is essential that the parish council put in place strong facilities to back up data, documents and other records both electronically and for physical records to ensure the council complies with its statutory duties to maintain records for GDPR, FOIA, HMRC and to ensure their activity is transparent.			✓

			<i>Recommended that Regulation 6.13 of the Financial Regulations regarding regular back-ups or in the cloud is implemented.</i>			
62	Storage of files (paper and electronic) adequate	N	Not audited			
63	Local Council Award Scheme <ul style="list-style-type: none"> • Foundation • Quality • Quality Gold 	N	Not audited.			

Proper Process / Practice		Y/N	Comments & recommendations	Risk		
				Low	Med	High
64	Employee posts properly recorded <ul style="list-style-type: none"> • Proper Officer (Clerk) • RFO • Deputy Clerk • Admin assistant • Site staff • Other 	Y	The appointment of a person as Clerk and/or RFO (the Proper Officer) should be minuted. While there is a minute introducing the new Proper Officer the Full Council did not resolve to confirm the appointment in May 2021. This is a legal appointment. <i>Recommend the council formally minutes the appointment of the Proper Officer(Clerk) and RFO.</i>			✓
65	List of Members' interests <ul style="list-style-type: none"> • displayed on website • reviewed regularly 	Y	It is noted that some councillors have no interests of any nature in the parish. <i>Recommended that councillors are reminded to review their interests from time to time and this is minuted.</i>			✓
66	Declarations of acceptance of office <ul style="list-style-type: none"> • New councillor • Chairman 	Y	Declarations of Acceptance of Office were not available to view at the time of the internal audit. <i>Recommended that the Declarations of Acceptance of Officer are kept by the Clerk and available for inspection.</i>			✓
67	Co-options according to policy	Y	A lack of paperwork made it difficult to asses this area. Prior to co-option the Clerk should ensure that the co-option			✓

			<p>applicants have met the eligibility criteria and no disqualification criteria apply. <i>Recommend a Co-option Policy is adopted.</i></p>			
68	Agenda documents correct	Y	<p>The quality of the minutes during 2021-22 were variable due to a number of clerk changes and stand-ins. Names of non-councillors are recorded and this presents a data protection risk should that individual ask for their details to be removed at any time in the future in accordance with the Data Protection Acts. Minutes should always record which councillors are present, which are absent and their declarations or interests including the time they leave and enter a meeting during the meeting. Minutes should be succinct and must record what decision was resolved at that meeting. Minutes should not provide a verbatim record of who or what was said by each councillor, however, the Clerk may record material that helps show brief details of the discussion or factors that might explain a decision. Now that the council has appointed a new clerk this situation should be reduced.</p>			
69	Minutes correct / signed	Y	<p>There was a lack of evidence to audit this. <i>Recommend minutes are approved and signed at the next meeting and retained by the Clerk.</i></p>			✓
70	Purchase order system used/correct	Y	<p>There were some items purchased by individual councillors (on behalf of the parish council). This is not in accordance with the Standing Orders and Financial Regulations. <i>Recommended that all purchases and orders are made through the Clerk/RFO.</i></p>			✓

71	Purchasing authorised in line with Financial regs / limits	Y	Processes were weak during 2020-21 but the appointment of a competent and experienced Clerk will strengthen this for 2022-23 financial year.			
72	Council operating within legal powers <ul style="list-style-type: none"> Legal powers identified in minutes 	Y	Legal powers not identified. Councillors do not have the power to make decisions alone – this also applies to the Chair or Vice Chair who only have powers to manage meetings in accordance with Standing Orders. Decisions can only be made in properly convened council meetings. The Council may only delegate powers to the Clerk or a committee. The appointment of a competent and experienced Clerk in 2022 should strengthen processes in this area.			
73	Delegation to officers or committees <ul style="list-style-type: none"> Scheme of delegation Limits set out in financial regulations and / or standing orders; adhered to; reported adequately 	Y	A scheme of delegation has been approved in the Financial Regulations. The Council may only delegate its powers to the Clerk or a committee in accordance with S.101 Local Government Act 1972.			

Payroll & HR		Y/N	Comments & recommendations	Risk		
				Low	Med	High
74	Contracts of employment for all staff	Y	Evidence of this for 2021-22 was not available to view.			
75	Written statement of particulars for all staff from day one (April 2020 onwards)	Y	It was not possible to determine the arrangements in place for the Clerks employed during 2021-22. However, for the appointment of the new Clerk in 2022 this has occurred.			

76	Proper procedures for payroll, PAYE & NI	Y	Tax was not deducted from pay (although shown on wageslips) and paid to HMRC. Failure to operate PAYE properly may lead to loss of taxpayer funds and penalties being applied by HMRC. <i>Recommended that HMRC are informed and the council takes action to obtain HR advice to decide if tax can be recovered from the former employee so it can be correctly paid to HMRC.</i>			✓
77	PAYE & NI payments verified	Y	Five payments of tax @ £42.40 each should have been deducted from wages and paid to HMRC in 2021-22. This did not happen. <i>Recommended that action is taken as stated in 76 above.</i>			✓
78	Approval of salaries and increments	Y	<i>Recommend establishment of a Staffing/HR Committee</i>			✓
79	Approval of expense claims	Y	Expenses were paid, however, receipts were not attached. <i>Recommended that expenses claims from employees and councillors must always have the receipts attached unless a full explanation is provided why they cannot be produced.</i>			✓
80	Minimum wage threshold met	Y	Compliant.			
81	HR procedures and policies adopted / reviewed	Y	The Clerks employment commenced in 2021-22 but there is no decision made at a council meeting to resolve to do this. The council appear to have appointed a new clerk in 2022 and again this was not decided at a HR Committee meeting or meeting of full council. Decision must be made by a			

			properly convened committee or council meeting. <i>Recommend that a HR Committee with Terms of Reference is put in place to consider staffing matters and these decisions are properly minuted at committee and council meetings.</i>			✓
82	Training policy and record staff /elected Members	Y	No evidence available. <i>Recommend that a staff/councillor training policy is approved.</i>			
83	Qualified Clerk <ul style="list-style-type: none"> • CiLCA 2015 or later • Level 4 Community Governance or higher 	Y	<i>Recommend that the council consider paying towards training for their Clerk to obtain CiLCA.</i>			✓
84	Annual appraisal undertaken	Y	There was no evidence that this had taken place in 2021-22.			
85	Job description up to date / reviewed	Y	A new Clerk is now in place in 2022 and this is now in place. No evidence seen for 2021-22.			
86	Health and safety of staff workstation & PC equipment undertaken <ul style="list-style-type: none"> • Display Screen Equipment 	Y	<i>Recommend that the Clerk undertakes a self-assessment and this is reported to the HR Committee.</i>			✓

Transaction spot check

Check number	1	2	3	4	5	6
Ledger date		20/5/2021	15/5/2021	11/10/2021		
Item / budget heading	Payroll	Grass-cutting – Pointon Community Playing Field	GBSG security - Pavilion	SKDC - Elections	Village Cleaner	John Lewis – Pavilion
Reference / Cheque number	BAC's					DD
Order minute reference						
Delivery evidence						
Payment minute reference	15/7/2021 Item 10		Not found	21/10/2021		
Invoice value		£500.00	£138.30	£769.00	£71.28	£27.20
Minute value	£509.16	£500.00		£769.00	Not found in the July minutes	None
Payment value	£509.16	£500.00	£138.30	£769.00	£71.28	£27.20
Statement value	£509.16	£500.00		£769.00	£71.28	£27.20
Timely payment	Quarterly	20/5/2021		Yes		
VAT recorded	N/A	N/A	Not recorded	N/A		
S137 recorded in ledger	N/A	?				
S137 minuted	N/A					

Notes	No payslip. Calculation records now present until 19/10/2021 by Peterborough Accounting Services	No contract appears to be in place. Moved to Standing Order payment from July 2021. This is not a utility so why being paid on a Standing Order?	Invoice was to Pointon Playing Field & Social Club. However disbanded and invoice should have gone to Aliro.	Payment authorised	Invoice does not add up. The contractor must produce Public Liability Insurance if they are not an employee.	The invoice to Aliro does not show VAT being charged.
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Appendix: additional areas for audit

None identified.