



Lincolnshire Association of Local Councils Internal audit checklist 2021/22

Name of Parish or Town Council	Billingborough Parish Council		
Parish Council website	https://billingborough.parish.lincolnshire.gov.uk/		
Name of internal auditor	Andrew Everard		
Date of audit	15/2/2022		
Type of audit Please select	Intermediate	Year-end (including AGAR)	
Council contact information	Name	Email	
Clerk	Hayley Beaver	billingboroughparishclerk@gmail.com	
RFO if different			
Chairman	Chris Woodhead	bwoodheadbillingboroughpc@gmail.com	
Electorate	1350 approx	Total number of seats	9
Quorum	3	Number of councillor vacancies	1
Precept Demand 2021/22	£15,000	Gross budgeted Income	£65000
Date of most recent audit	15/2/2022	Date of next audit agreed with Clerk	TBC after year-end.
	Y/N	Comments	
Has the internal auditor seen previous audit reports including the most recent?	Y	External Audit report 2020/21 states '1. The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR.: • The 2021 column has been prepared on a receipts and payments basis, but the comparative column has not be restated to be on the same basis. Box 1 in the 2021 column should equal Box 8 in the 2020 column and an adjustment will be required on next year's AGAR in Boxes 3, 4 or 6 as appropriate to ensure that the 2021 column adds up.'	

Is there evidence that previous internal and external audit reports have been acted upon?		Y	The Clerk explained what steps were being taken to implement the external auditor's recommendation.			
Key governance review		Y/N	Comments & recommendations	Risk		
				Low	Med	High
1	Standing orders (tailored and reviewed)	Y	Approved 9/3/21 and 4/5/21. Displayed on the website.			
2	Financial regulations (tailored and reviewed)	Y	Approved 9/3/21 and 4/5/21. Displayed on the website.			
3	Terms of reference (committees / working groups)	Y	The Clerk advised that a Jubilee Sub-Committee was being formed. <i>Recommended that clear Terms of Reference are approved setting out objectives, membership, budget, and decision-making powers.</i>		X	
4	Code of Conduct (elected members)	Y	Approved 9/3/21 and 4/5/21. Displayed on the website.			
5	Complaints procedure (tailored and reviewed)	Y	Approved 9/3/21 and 4/5/21. Displayed on the website.			
6	Insurance Cover <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	Insurance cover is in place and minutes show that it has been discussed from time to time in relation to specific matters. <i>Recommend that the parish council reviews the overall cover prior to renewal particularly the need for £250k crossed cheque cover, ensure that volunteers and immediately ensure Jubilee event cover is in place to cover potential council liabilities that arise.</i>		X	

Transparency		Y/N	Comments & recommendations	Risk		
				Low	Med	High
7	Internal controls (statement or review)	Y	There was no statement published and the 2020-21 AGAR was not published. <i>Recommended that the parish council publish an internal controls statement.</i>		X	
8	Investment strategy	N	Not applicable			
9	Publication scheme (reviewed)	Y	A publication scheme has been agreed. However it was not published as required by law. <i>Recommended that the publication scheme is displayed on the parish council website (the link was not working).</i>		X	
10	Risk assessment (statement or review)	Y	Last reviewed March 2021.			
11	Pay policy (staffing - reviewed)	Y	A pay policy was not in place. It appeared that there were some custom, practice and assumptions (for example, applying NJC pay scales, payment in arrears, etc) that could form the basis of a Pay Policy. <i>Recommend a Pay Policy is drafted and approved.</i>		X	
12	Spending authorised	Y	Payment schedules are presented to Council and payments authorised at the meetings although as meetings are bi-monthly many payments are being made between meetings authorised by members. Para 5.2 Financial Regulations requires publication of authorised payments with the minutes. Some spending decisions are unclear from the minutes so taxpayers would not be able to determine what spending commitments have been undertaken, for example, minute			X

			079 and 080 might commit the council to expenditure now or in the future but no figures are approved as part of the recorded decision (contrasted with minute 092 which has a clear decision). <i>Recommended that paragraph 5.2 Financial Regulations is followed and payments are displayed with the minutes and decisions made by council at meetings are clearly minuted with amounts that have been agreed.</i>			
13	Procurement correctly administered	Y	Quotations are being obtained and presented to council to consider in accordance with Standing Orders and Financial Regulations.			
14	Land and assets (reviewed)	Y	The assets register was reviewed. Assets that were gifted can be recorded as £1. The parish council should satisfy itself that all potentially valuable assets are recorded accurately on the register.			
15	Adequate GDPR policy / procedures in place	Y	Approved 9/3/21 and 4/5/21. Displayed on the website. Some links, however, to some documents were not accessible. <i>Recommended that the documents with the missing links on the website are reinstated.</i>			
16	Arrangement for inspection of public records adequate	Y	Published for inspection 7/6-16/2/2021.			
Transparency codes mandatory for councils with turnover under £25k and over £200k						
17	All items of expenditure above £100 published by 1 July	Y	Paragraph 2.8 of the Council's Financial Regulations states items of expenditure over £100 will be published. <i>Recommended that this aspect of the financial regulations is implemented.</i>		X	

18	End of year accounts published by 1 July	Y	Displayed on the website. <i>Recommended that the amended version after external audit is clearly displayed.</i>		X	
19	Annual Governance statement published by 1 July	Y	Displayed on the website			
20	Internal audit report published by 1 July	Y	<i>Recommended that this the internal audit report from AGAR is published in accordance with paragraph 2.8 of Financial Regulations.</i>		X	
21	Councillor responsibilities published by 1 July	Y	Compliant			
22	Asset register published by 1 July	Y	<i>Recommended that the Asset Register is published in accordance with paragraph 2.8 of the Financial Regulations.</i>		X	
23	Agendas and meeting papers published within three clear days	Y	Compliant			
24	Draft minutes published within one month of the meeting	Y	Compliant (some website page headings have 'Not being used) on the website. This is confusing – is it an error? Is it better to say 'Closed year' or similar rather than giving the impression the information has been superseded or is erroneous. The Clerk/RFO advised that the website was being updated.			

Accounting		Y/N	Comments & recommendations	Risk		
				Low	Med	High
25	Cashbook maintained and up to date	Y	Compliant			
26	Arithmetically correct (checks / balance)	Y	Compliant			
27	Evidence of internal control	Y	Compliant – separation of duties, review by parish councillors and signature checks shown on documents.			
28	VAT <ul style="list-style-type: none"> evidence of recording evidence of reclaiming 	Y	Compliant			
29	All payments supported by authorised, minuted invoices	Y	Compliant			
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	Compliant			
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	Compliant			

Budget		Y/N	Comments & recommendations	Risk		
				Low	Med	High
32	Annual budget in support of precept	Y	Minute 452, 12JAN2021 approved.			
33	Precept demand properly minuted	Y	Minute 451. 12JAN2021 approved.			
34	Earmarked reserves reviewed	Y	Minute 210 January 2022 are these earmarked funds £5k to develop land? Any others?			

35	Budget is monitored regularly with variances reported to council in line with Financial regulations	Y	Reports at every meeting.			
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Income control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
36	Income properly recorded and banked promptly	Y	Compliant			
37	Precept income received in bank account	Y	Compliant Bank statement shows 7/4/2021			
38	Effective security of cash and cash transactions	Y	Cash is not usually handled.			
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	Compliant			
40	Balancing entries (adjustments) explained	Y	None required,			
41	Bank mandate up to date • Evidence of signatories	Y	Signatory changes minuted – July 201, minute 78.			

Petty cash		Y/N	Comments & recommendations	Risk		
				Low	Med	High
42	Petty cash account used/authorised	N	Not applicable			
43	Petty cash spending supported by VAT receipt(s)	N	Not applicable			
44	Petty cash reported to Council	N	Not applicable			
45	Petty cash float reconciled/reimbursed	N	Not applicable			
46	Other	N	Not applicable			

Year-end process		Y/N	Comments & recommendations	Risk		
				Low	Med	High
47	Accounting according to		TBC after year-end			

	<ul style="list-style-type: none"> Income and expenditure Receipts and payments 				
48	Bank statements reconcile to ledger		TBC after year-end		
49	Robust audit trail evident		TBC after year-end		
50	Debtors and creditors recorded		TBC after year-end		
51	Other				

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	Register of Assets reviewed and approved May 2021, minute 024 and to be updated March 2022.			
53	Assets inspected and Health & Safety issues considered <ul style="list-style-type: none"> Play equipment Street furniture Fire safety Defibrillators Other 	Y	1.Pavillions owned by the Parish Council and used by the Cricket Club. Fire safety policy needs to be agreed by the parish council shortly. 2.Play equipment inspected weekly. 3.Benches and the cemetery are checked.			

Risk management		Y/N	Comments & recommendations	Risk		
				Low	Med	High
54	Evidence of unusual activity from minutes	Y	The parish council is introducing a new accounting system: Scribe. Parish Online is being introduced. (Project costs were not transparent in minutes). <i>Recommend that the parish council ensures these technology projects are monitored to ensure costs are reviewed, they run to plan and achieve the efficiency, effectiveness and economy outcomes sought.</i>		X	

55	Annual risk assessment undertaken as a minimum	Y	Risk Register is in place and reviewed.			
56	Financial controls and procedures documented	Y	Financial Regulations are in place.			
57	Regular financial reporting to Council in line with Financial regulations	Y	Compliant			
58	Reporting of bank balances minuted	Y	Balances may be reported in the Clerk's Report but the bank balances not minuted. <i>Recommend that bank balances are minuted.</i>		X	
59	Grants ratified and minuted according to policy	Y	Compliant			

General		Y/N	Comments & recommendations	Risk		
				Low	Med	High
60	GPC <ul style="list-style-type: none"> • Council eligible • GPC adopted 	Y	Not applicable			
61	Back up of files adequate	Y	One Drive updates continuously while laptop connected to the internet.			
62	Storage of files (paper and electronic) adequate	Y	Files are organised and stored at the Clerk's home.			
63	Local Council Award Scheme <ul style="list-style-type: none"> • Foundation • Quality • Quality Gold 	Y	Not applicable			

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	Clerk/RFO only employee. Other persons are contractors / self-employed and not employees.			
65	List of Members' interests <ul style="list-style-type: none"> • displayed on website • reviewed regularly 	Y	Compliant. Recommended that Members are reminded annually to review their published register of interests and this action is minuted.			
66	Declarations of acceptance of office <ul style="list-style-type: none"> • New councillor • Chairman 		Chair signed at the May 2021 meeting Minute 020. New Councillors sign their Acceptance of Office after co-option (seen 4/5/21 and 3/9/20).			
67	Co-options according to policy	Y	Candidates standing for election must complete a declaration of eligibility (or similar). Candidates for co-option often do not do this. This could mean that the parish council is making decisions that may be potentially unlawful. <i>Recommended that the Clerk asks new applicants to certify in writing (on a form) they are eligible to stand and are not disqualified prior to co-option.</i>	X		
68	Agenda documents correct	Y	Compliant.			
69	Minutes correct / signed	Y	Minutes were signed.		X	

			<p>Confidential and private parts of the meeting should comply with Public Bodies (Admission to Meetings) Act 1960. However, decisions made at the meeting should be minuted and available to public inspection under S.228 Local Government Act 1972. A list of the types of matters that may be confidential can be found under Schedule 12A of the Local Government Act 1972.</p> <p>The minutes of the Annual Parish Meeting May 2021 can only be approved at the next APM (they are not approved by the parish council). <i>Recommended that APM minutes are not approved until the next APM.</i></p> <p>Minutes 079, 080 approved but no figures mentioned. What was agreed? <i>Recommended that decisions are usually clear from the minutes particularly what expenditure is being approved.</i></p>			
70	Purchase order system used/correct	Y	Purchase order system not used. Orders made by RFO by email.			
71	Purchasing authorised in line with Financial regs / limits	Y	Compliant			
72	Council operating within legal powers <ul style="list-style-type: none"> • Legal powers identified in minutes 	Y	Legal powers are not usually identified. This may lead to inadvertent unlawful expenditure occurring or items which should be under S.137 which has financial limits applying to that expenditure.		X	

			<i>Recommended that the Clerk/RFO identify legal authority in minutes to demonstrate and ensure expenditure is lawful.</i>			
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 		<i>Recommended that the scheme of delegation should be reviewed against the NALC Model. The current scheme of delegation is unlawful and may lead to unlawful decisions being made - there is no lawful power to delegate to a single councillor such as the Chair. Under Section 101, LGA 1972 the council can arrange for the discharge of any of its functions by an officer of that authority (as well as by a committee or sub-committee, or by any other local authority). The officer can take actions in consultation with other members provided it is not a decision being taken by a single member.</i>			X

Payroll & HR		Y/N	Comments & recommendations	Risk		
				Low	Med	High
74	Contracts of employment for all staff	Y	An employment contract was issued to the Clerk/RFO			
75	Written statement of particulars for all staff from day one (April 2020 onwards)	Y	As in item 74.			
76	Proper procedures for payroll, PAYE & NI	Y	Compliant			
77	PAYE & NI payments verified	Y	Compliant			
78	Approval of salaries and increments	Y	Compliant			
79	Approval of expense claims	Y	Compliant			
80	Minimum wage threshold met	Y	Compliant			
81	HR procedures and policies adopted / reviewed	Y	<p>A disciplinary and grievance policy is in place.</p> <p><i>Recommended that a Staffing/Employment Committee standing committee is established with clear terms of reference and delegation to ensure that HR lawful processes are put into place as recommended by ACAS and if appeals are required councillors 'untainted' from the prior decision can hear any appeal that arises. Unfair processes could lead to high costs at an Employment Tribunal and reputational damage.</i></p>		X	

82	Training policy and record staff /elected Members	Y	Recommended that a training policy and record is maintained.	X		
83	Qualified Clerk <ul style="list-style-type: none"> • CiLCA 2015 or later • Level 4 Community Governance or higher 	Y	Not applicable.			
84	Annual appraisal undertaken	Y	Compliant			
85	Job description up to date / reviewed	Y	Compliant			
86	Health and safety of staff workstation & PC equipment undertaken <ul style="list-style-type: none"> • Display Screen Equipment 	Y	Conducted by the Clerk and reported to Council.			

Transaction spot check

Check number	1	2	3	4	5	6
Ledger date	141 Jan 2022	134 Dec 2021		16/9/21		
Item / budget heading	Administration/Subs	Rec. Grnd/Play Park	Royal British Legion/ Donation	Office Expenses/Cemetery Expenses	Rec/Cemetery – Waste Collection	
Reference / Cheque number	DD	BACs		BACs	DD	
Order minute reference	172/2021	033/2022 (no amount agreed) & 503/2021 (no amount agreed)		N/A		
Delivery evidence				N/A		
Payment minute reference	12/1/2022	24/12/2021	9/11/2021	14/9/21	14/9/2021	
Invoice value	£35.00	£8419.61		£103.50	£15.84, £25.33 = £41.17	
Minute value	March 2022?	Amount not minuted in Jan 2022	Amount not minuted in Nov 2021		Amount not minuted in 9/11/2021	
Payment value	£35.00	£8419.61	£25.00	£103.50	21/9/21 £41.17	
Statement value	£35.00	£8419.61	14/10/2021 £25.00	£103.50	£41.17	
Timely payment	Y	Y 30/11/21 invoice	N/A		13/9/2021 invoice	

VAT recorded	No VAT	£1,403.27	No VAT	£10.57		
S137 recorded in ledger			Y			
S137 minuted			No			
Notes	To check	Minutes do not show amount approved for the order or for payment.	Minutes do not show the amount approved.	Was this purchase in accordance with the scheme of delegation?		

Appendix: additional areas for audit

There were no allotments, charities, community buildings or market responsibilities and activities presented for internal audit.

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