Microshade Business Consultants Ltd | **Batheaston Parish Council Interim Internal Audit Report**

Year to 31st March 2024

29th November 2023

INTERNAL AUDIT PROGRAMME

For: Batheaston Parish Council

Date: 29th November 2023

Section 1: Assets and Investments

TASK	COMMENTARY	RECOMMENDATION
Ensure there is an inventory or register of all council assets.	A register is in place and is currently being updated and is a work in progress.	Ensure that the asset register is formally completed by 31st March 2024 and accurately reflects the assets owned by the Council.
Basis of asset valuation.	Valuations should be based on cost of an item.	Ensure that the valuation of assets are based on the cost of an item when purchased. In the case of buildings capital expenditure to buildings can be added to the asset value. Noted that this is being completed as part of finance module of software.
Check assets correctly insured.	Insurance policy is in place and assets are adequately covered	
Check inventory/register updated for all new asset purchases.	Asset register is in place.	Add any new assets purchased to asset list at year end.
Check investment procedures and security.	Council runs three accounts and places reserves in higher interest account. There is also a play area account.	
Check investment policy in place	Due to balances held no requirement for an investment policy.	

Section 2: Income

TASK	COMMENTARY	RECOMMENDATION
1. CASH INCOME		
Check procedure for collecting and recording cash income.	No cash is collected	

TASK	COMMENTARY	RECOMMENDATION
Check cash banked and frequency.	Banking is undertaken as and when required. Payments are mainly made by BACs so process not required.	
2. CREDIT INCOME		
Check procedures raising invoices.	All in order.	
Check all necessary invoices have been raised.	All in order.	
3. CREDIT CONTROL		
Check responsibility for collecting sums due to Council.	Adequate process is in place.	
Review Debtor balances	Not reviewed at this stage.	
4. BAD DEBTS		
Review reasons for non-payment.	A process is in place to write off bad debts if required.	
Check all reasonable steps taken to collect debts.	No bad debts identified.	
Check Council authority has been obtained to write off any bad debts.	Authority is required to write off bad debts via Full Council.	
5. CREDIT BALANCES		
Look at Debtors list and identify any overpayments.	No material overpayments identified.	
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.	VAT correctly recorded.	
Check that VAT is reclaimed on a regular basis.	VAT is claimed annually.	

Section 3: Cash and Bank

TASK	COMMENTARY	RECOMMENDATION
1. BANK RECONCILIATION		

TASK	COMMENTARY	RECOMMENDATION
Check bank reconciliations are performed on a monthly basis and agree on all bank accounts.	Reconciliations completed on a monthly basis and reported to Committee.	Ensure reconciliations should be signed off by Members monthly.
Review bank reconciliations and ensure no payments or receipts are being carried forward for a number of months.	Reviewed.	
Note any unidentified banking	None identified.	

Section 4: Payments

TASK	COMMENTARY	RECOMMENDATION
Have all cheques and BACs payments been included on payment schedule, approved by council and included in the minutes?	All payments are presented to the Council and minuted.	
Check payments to supplier invoice and purchase order. Ensure payee is correct.	All in order.	
Examine petty cash expenses and check petty cash balances if applicable.	Petty cash is not used. Expenses claimed.	
Examine all expenses claims by employees/ councillors and check validity.	Not checked at this stage.	

TASK	COMMENTARY	RECOMMENDATION
Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held.	Checked and correct.	
Ensure that VAT is identified wherever incurred and appropriate.	All in order.	

Section 5: Payroll

TASK	COMMENTARY	RECOMMENDATION
Check contracts of employment for all staff are in place.	Contracts in place.	
Check all staff on payroll.	Not checked at this stage.	

TASK	COMMENTARY	RECOMMENDATION
Check gross pay for each employee is at the correct rate.	Not checked at this stage.	
Check overtime authority, if applicable.	N/A	
Check timesheets, if used, against payroll.	N/A	
Check PAYE/NI paid over to inland revenue by correct date.	All correct.	
Check any sick pay is laid out in Council employment policy	Not checked at this stage.	
Check statutory maternity pay and statutory sick pay deductions.	Not checked at this stage.	

Section 6: Supplier Invoices

TASK	COMMENTARY	RECOMMENDATION
Check purchase orders correspond to invoices.	Purchase order process is in place where required.	
Check expenditure coding, correct budget heading and cost centre.	Invoices are all allocated to the relevant cost centre.	
Check invoices are correctly passed for payment, price confirmed and delivery confirmed.	Invoices are authorised for payment.	
Sample Check: Purchase order to delivery note to supplier invoice.	Supplier invoices are filed and retained.	
Check old creditors and ascertain why still unpaid if applicable.	None identified.	
Investigate any overpayments to suppliers.	None identified.	

Section 7: General

TASK	COMMENTARY	RECOMMENDATION
Print and check trial balance.	Not checked at this stage.	
Identify whether regular bank balance information is submitted to Council.	Bank balances are presented to Full Council.	

TASK	COMMENTARY	RECOMMENDATION
Check actual expenditure against estimates and investigate overspends.	Regular variance reports against budget are provided alongside explanations.	
Check VAT returns (VAT 100) are being made on time.	All in order. VAT claimed annually. VAT claim received in October.	
At year-end make sure that amount of VAT re-claimable (or payable), agrees with sum declared on the balance sheet.	N/A. This will be covered at the end of the year.	
Check precept is calculated by correct budget process.	2023/24 precept and Band D charge checked.	
Check members are regularly provided with budget information.	Budget information is presented to Full Council meetings. Detail are provided to ensure full transparency.	
Ensure insurance cover is adequate.	Insurance cover is in place.	

Section 8: Risk

TASK	COMMENTARY	RECOMMENDATION
Check Risk Register is in place and updated annually.	Risk Register is in place	Signed off in November 2023.
Review any IT systems and check data back-up procedures and data security is in place.	All in order. System is backed up. Office 365 and Edge finance software being used.	

Section 9: Minutes

TASK	COMMENTARY	RECOMMENDATION
Check quorum present for each full council meeting.	Quorum present at each meeting held.	
Check minutes properly signed.	All minutes are signed by the Chair of the meeting. Pages initialled.	
Check pages in minute books sequentially numbered.	Minute pages do not run in sequence.	Minute pages should be included and run in sequence/ Also each individual item considered should be numbered in sequence.

TASK	COMMENTARY	RECOMMENDATION
Check there is a minute authorising precept request.	All in order.	
Check there is a minute authorising any change in salary scales for the Clerk and other staff, if relevant.	No minute identifying any staff increases for current year.	Good practice to minute any staff salary increases especially when a spinal point increase is awarded.
Check there are minutes authorising any exceptional financial transactions.	All financial transactions are presented to Full 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 £30,000.	No contracts over £30,000 entered into this financial year.	Note the increase from £25k to £30k including VAT.
Check Standing Orders reviewed annually and adopted.	Last reviewed in May 2021.	Confirm that the version of standing orders on website have been reviewed recently
Check Financial Regulations reviewed annually and adopted.	Reviewed and updated in May 2023	
Check that payment authorisation is agreed on all outstanding accounts.	Authorisation process in place.	
Check that an RFO has been appointed.	Town Clerk is the RFO.	

ACTION PLAN

TASK	COMMENTARY
Ensure there is an inventory or register of all council assets.	Ensure that the asset register is formally completed by 31st March 2024 and accurately reflects the assets owned by the Council.
Basis of asset valuation.	Ensure that the valuation of assets are based on the cost of an item when purchased. In the case of buildings capital expenditure to buildings can be added to the asset value. Noted that this is being completed as part of finance module of software.
Check inventory/register updated for all new asset purchases.	Add any new assets purchased to asset list at year end.
Check bank reconciliations are performed on a monthly basis and agree on all bank accounts.	Ensure reconciliations should be signed off by Members monthly.
Check pages in minute books sequentially numbered.	Minute pages should be included and run in sequence/ Also each individual item considered should be numbered in sequence.

TASK	COMMENTARY
Check there is a minute authorising any change in salary scales for the Clerk and other staff, if relevant.	Good practice to minute any staff salary increases especially when a spinal point increase is awarded.
Check Standing Orders reviewed annually and adopted.	Confirm that the version of standing orders on website have been reviewed recently