

## INTERNAL AUDIT CHECKLIST

Council: Lytchett Minster & Upton Town Council

Date: 2<sup>nd</sup> May 2024

Appropriate accounting records have been properly kept throughout the year AND Periodic bank account reconciliations were properly carried out during the year		
REVIEW	COMMENT	Action Required
Ensure the correct roll forward figures of the prior year's cashbook balances to the new financial year.	Checked and correct.	
Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.	Sample checks undertaken.	
Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.	Reconciliations are undertaken monthly and reported to Council. Council then approves and minutes approval.	
Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.	Checked and correct.	
Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	Currently being developed in partnership with Financial Consultant.	Recommend that Council adopts the policy as soon as practicable.

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.	Financial Regulations are in place and are followed when undertaking tenders. Also using the Dorset Council's procurement framework,	

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REVIEW	COMMENT	Action Required
Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents)	Standing Orders and Financial Regulations have recently been reviewed. Limits match.	Recommend that Council reviews its Financial Regulations once NALC publishes the new version expected at the end of May 2024. Also ensure that Standing Orders contain the same limits as Financial Regulations.
Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.	Checked. Certification stamp in place and utilised. Payments and reconciliations are signed by two members.	
Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.	Checked and adequate segregation is in place.	
Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements	Checked and in place.	
Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place	Debit card in place. Appropriate limits in place and usage outlined in FRs.	

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

REVIEW	COMMENT	Action Required
Ensure that authorities have prepared, and formally adopted, at least once annually, an	Checked and in place.	Recommend that consideration be given to listing the playground equipment separately

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REVIEW	COMMENT	Action Required
appropriate and comprehensive register of assessed risks, both regular and ad hoc.		to enable accurate updating of the register if an item is replaced.
Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security.	Checked and in place. Adequate insurance cover for the Council's assets is provided by Zurich.	
Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation.	Checked and in place. RoSPA report undertaken annually. Quarterly inspections undertaken by contractor and weekly inspections in-house.	
Review the effectiveness of internal control carried out by the authority.	Checked and in place. Internal controls document has been adopted.	

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		
REVIEW	COMMENT	Action Required
Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable.	Checked and approved by Council. The budget setting process includes all committees but the final precept setting is resolved by Full Council.	
Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances.	<p>Checked. Budget reports are produced via the accounting software and reviewed as required.</p> <p>Full Council and all committees receive monthly budget reports outlining income and expenditure against budget. Members are</p>	

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REVIEW	COMMENT	Action Required
	encouraged to interrogate the data by submitting questions on all financial data presented to them in advance of meetings in order for the Clerk to prepare a comprehensive response	
Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.	Reviewed by the Finance and Administration Committee. A half yearly budget review is undertaken.	
Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process	Checked and in place. Earmarked Reserves are reviewed annually.	
Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the <a href="#">public record of precepted amounts</a> .	Checked and correct.	

Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
Review "Aged debtor" listings to ensure appropriate follow up action is in place.	One bad debt identified. Process in place to chase this up. Sum outstanding is £42.30.	Noted that following efforts to secure this outstanding debt Council/Committee will write it off. Ensure that the write off is minuted and the write off is recorded in the accounts.
Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	The allotments are managed by the Upton & Lytchett Minster Allotment Association. An Annual meeting is held between the Council and the Allotment Association to review governance.	
Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are	Burial Register is up to date. Internment form accessible on the website. Correct fees have been charged.	

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REVIEW	COMMENT	Action Required
appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of <a href="#">Burial / Cremation certificates</a> )	Fees are reviewed annually. New fees in place from 1 <sup>st</sup> April 2024.	
Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised.	Checked and satisfactory process in place re diary and invoicing.	
Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time.	Three leases are in place: <ul style="list-style-type: none"> <li>• Trustees of Lytchett Minster Turbary Allotment trust.</li> <li>• 1A Moorland Parade (Dorset Healthcare)</li> <li>• 1B Moorland Parade (Dorset Police)</li> </ul> All leases are currently being reviewed.	
Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.	Checked and confirm procedures are in place.	
Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked.	Checked and correct.	

Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area.	Petty cash account maintained. All expenditure supported by receipts. Petty cash entered into accounting system and reconciled monthly to balance with cash.	

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REVIEW	COMMENT	Action Required
Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc).	Adequate controls in place	
Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held.	Samples checked and correct.	
Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.	Receipts submitted and inputted into accounting software.	
Ensure that VAT is identified wherever incurred and appropriate.	VAT is not claimed on petty cash mainly because most purchases are non-VAT. Confirmed that employees are encouraged to obtain VAT receipts if possible, but general use of petty cash is for items such as tea and milk, so VAT is not applicable.	Recommend that VAT is inputted and claimed on Vatable items where appropriate.
Physically check the petty cash and other cash floats held.	Balance not physically checked but account is reconciled monthly.	
Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings.	N/A	

Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.		
REVIEW	COMMENT	Action Required
Ensure that for all staff a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.	All staff have a formal contract of employment.	Due to recent legislation recommend that council considers updating the current staff contracts.
Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	Members do not receive an allowance.	

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REVIEW	COMMENT	Action Required
Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours.	Checked and correct.	
Ensure that appropriate tax codes are being applied to each employee.	Checked and correct.	
Where free or paid for software is used, ensure that it is up to date.	SAGE Cloud payroll used. Understand that this service is going to be undertaken by a suitable contractor subject to Council approval at its meeting on 14 May 2024.	
For the test sample of employees, ensure that tax is calculated appropriately.	Checked and correct.	
Check the correct treatment of Pension contributions	Checked and correct. Dorset Local Government Pension Scheme	
For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers' allowance is not available to councils but may be used by other authorities	Checked and correct	
Ensure that the correct employers' pension percentage contribution is being applied	Checked and correct	
Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.	Checked and correct	

Asset and investment registers were complete and accurate and properly maintained. This section/assurance includes loans to or by the authority		
REVIEW	COMMENT	Action Required
<b>Tangible Assets</b>		
Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of or no longer serviceable assets.	Asset register in place.	Recommend that play equipment is individually stated along with value for ease of updating.
Physically verifying the existence and condition of high value, high risk assets may be appropriate.	Sample checked and confirmed.	
The register should identify for each asset the purchase cost and, if practicable, the replacement/insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.	Checked and correct.	
Additions and disposals records should allow tracking from the prior year to the current.	Checked and in line with requirements.	
Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals.	Asset register has been updated but Council may wish to consider adding some projects that have been funded by capital expenditure in 2023/24.	
Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority.	Comparison undertaken. Assets appropriately insured.	
<b>Fixed asset investments:</b>		
Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the <a href="#">“Investment Strategy”</a> and reported as Assets in the AGAR at section 2, line 9.	N/A. All investments are for a maximum of 12 months.	
<b>Borrowing &amp; Lending:</b>		



Asset and investment registers were complete and accurate and properly maintained. This section/assurance includes loans to or by the authority		
REVIEW	COMMENT	Action Required
Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	N/A	
Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt.	N/A	
Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5	N/A	
Ensure that the outstanding loan liability as at 31 <sup>st</sup> March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified via the <a href="#">DMO website</a> )	N/A	
Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.	N/A	

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.		
REVIEW	COMMENT	Action Required
To ensure that the financial detail reported at section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year.	Checked and correct.	
Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained	Checked and in place.	

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.		
throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein.		
Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.	Checked and in place.	

If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.		
REVIEW	COMMENT	Action Required
<p>Ensure that, all <a href="#">relevant criteria</a> are met (receipts and payments each totalled less than £25,000)</p> <ul style="list-style-type: none"> <li>the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline</li> <li>that it has been published, together with all required information on the Authority's website and noticeboard</li> </ul>	N/A	

The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.		
REVIEW	COMMENT	Action Required
Review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.	Checked and required documentation published.	

The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.

REVIEW	COMMENT	Action Required
Examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.	Checked. Previous year's notice correct. 2023/24 notice to be amended.	
Check whether council has minuted the relevant dates at the same time as approving the AGAR	No minute recorded in 2023/24.	Recommend that a minute is included on adoption of Parts 1 & 2 of the AGAR at Full Council noting the dates of public notice.

The authority complied with the publication requirements for the prior year AGAR.

REVIEW	COMMENT	Action Required
Ensure that the statutory disclosure/publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.	Checked and meets requirements.	

Trust funds (including charitable) - the Council met its responsibilities as a trustee

REVIEW	COMMENT	Action Required
Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements	N/A	
That the council is the sole trustee on the <a href="#">Charity Commission register</a>	N/A	
That the council is acting in accordance with the Trust deed	N/A	
That the Charity meetings and accounts recorded separately from those of the council.	N/A	
Review the level and activity of the charity and where a risk based approach suggests such, review the <a href="#">Independent Examiners report</a> .	N/A	