

# Boughton Malherbe Parish Council

## Internal Audit Plan 2023/2024

Regulation 6 of the Accounts and Audit Regulations 2015 requires the authority to conduct each financial year a review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement.

As part of the review the council will need to assess the internal audit plan, detailed below.

| <b>Expected Standard</b>  | <b>Evidence of Achievement</b>  | <b>Comments</b> |
|---|---|-----------------|
| FINANCE   |   |                 |
| Confirm that the Parish Council has adopted and recently reviewed Financial Regulations   | <i>Check that there are a set of Financial Regulations (in addition to those in the Standing Orders).<br/>Check the date of their adoption and that there was a record made in the minutes<br/>Check that the most recent review date was within the current financial year</i> |                 |
| Check regulations are being routinely followed by tracking some sample payments. You will be provided with all invoices, receipts, bank statements, cheque stubs and receipt books in order to do this. | <i>Chose an appropriate number of sample payments made at different times throughout the financial year and track them from resolution in the minutes through to the payments being made</i>  |                 |
| All payments are recorded in the monthly bank reconciliation, reported and minuted  | <i>Check the minutes<br/>Compare the bank statement against monthly bank reconciliation to council</i>  |                 |
| All items of expenditure over £100 are listed on the Council's website  | <i>a. date the expenditure was incurred,<br/>b. summary of the purpose of the expenditure<br/>c. amount<br/>d. Value Added Tax that cannot be recovered.</i>  |                 |

| Expected Standard   | Evidence of Achievement   | Comments |
|---|---|----------|
| <p>Cheque payments: Confirm that each payment has been signed by two councillors, who also initialled the cheque stub and that the same councillors also initial the invoice</p> <p>Electronic Transfer: Confirm that the two councillors authorising each payment also initial the invoice</p> | <p><i>Check bank payment authorisation history</i></p>  |          |
| <p>Confirm all section 137 expenditure meets the guidelines &amp; does not exceed the annual per elector limit</p>  | <p><i>Check against the number of the electors in the Parish</i></p>  |          |
| <p>Check the statement of accounts according to the format included in the Annual Return form. Check that the statement of accounts was approved and signed by the Responsible Financial Officer and the Chairman of the meeting approving the statement of accounts.</p>                       | <p><i>The statement of accounts should be accompanied by:</i></p> <p><i>a) a copy of the bank reconciliation for the relevant financial year,</i></p> <p><i>b) an explanation of any significant variances (e.g. more than 10-15 percent, in line with proper practices) in the statement of accounts for the relevant year and previous year</i></p> <p><i>c) an explanation of any differences between 'balances carried forward' and 'total cash and short-term investments' if applicable</i></p> |          |
| <p>Check the Annual Governance Statement</p>  | <p><i>According to the format included in the Annual Return</i></p>   |          |
| <p>Review the Assets Register and insurance policies, confirm renewal has taken place (i.e. paid)</p>   | <ul style="list-style-type: none"> <li>• <i>Public liability</i></li> <li>• <i>Employers liability</i></li> <li>• <i>Council assets</i></li> <li>• <i>Fidelity Guarantee Insurance (To cover employee dishonesty)</i></li> </ul>  |          |
| <p>Check VAT properly recorded and reclaimed</p>  | <p><i>Check for claim within last 12 months</i></p>   |          |

| Expected Standard   | Evidence of Achievement  | Comments |
|---|--|----------|
| Check the details of public land and building assets  | <i>a) description (what it is, including size/acreage),<br/> b) location (address or description of location),<br/> c) owner/custodian, e.g. the authority or board manages the land or asset on behalf of a local charity,<br/> d) date of acquisition (if known),<br/> e) cost of acquisition (or proxy value), and<br/> f) present use.</i> |          |
| Verify that the annual precept request is the result of a proper budgetary process, that budget process has been regularly monitored and that the Council's reserves are appropriate          | <i>Check budget process followed and minuted.</i>  |          |
| Any other appropriate additional relevant testing to support the validity and integrity of the above, and its compliance with the Council's financial regulations                             |  |          |
| <b>PROCESSES</b>  |  |          |
| Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months  | <i>Check the date of adoption. Also, that the last review date is within the past year and recorded in the minutes</i>   |          |
| Check the draft minutes of the last meeting(s) are on the Council's website. Check that the minutes of previous meetings are the approved version and that the draft copies have been removed |  |          |
| Check that agendas for meetings are published monthly and giving 3 clear days' notice   | <i>The agenda currently on the website may be for a past date - as long as it is not more than a week older than when the last meeting took place, it still demonstrates routine posting</i>   |          |

| <b>Expected Standard</b>  | <b>Evidence of Achievement</b>   | <b>Comments</b> |
|---|--|-----------------|
| Confirm that the Parish Council is compliant with the Data Protection Act 1998 and the GDPR 2018  | <i>Check that there is a policy document and resolution to comply recorded in minutes</i>  |                 |
| Confirm that the Parish Council is compliant with the Freedom of Information Act 2000   | <i>Check resolution to comply recorded in minutes<br/>Check the record of FOIs received and date responded to within the deadline</i>  |                 |
| Review the Risk Assessment and Management Scheme ensuring adequate arrangements are in place to manage all identified risks   | <i>Check the last review date is within the past year and recorded in the minutes</i>  |                 |
| Confirm that regular backups of electronic records are made monthly and an archive copy kept in a second remote location i.e. Cloud, external hard drive and /or that duplicate hard copies of records are kept at an additional remote location. | <i>Website and email passwords in a sealed envelope and retained by the Chairman is recommended</i>  |                 |
| Confirm the publication scheme  | <i>Website</i>   |                 |
| <b>COUNCILLORS</b>  |  |                 |
| Check the publication of Councillors' contact details   | <i>Full home addresses are not compulsory but councillors must be available to be contacted directly by the public by e-mail and/or phone. Separate Council e-mail addresses are preferable to personal e-mail addresses</i> |                 |
| Check that positions that councillors hold on the Council are published   | <i>i.e. Chairman, Vice Chairman etc.</i>   |                 |
| Check the register of members' interests  | <i>Confirm that the register of member's interests has been reviewed within the last 12 months and the Principle Authority informed of any amendments</i>  |                 |
| Check that representation on external local public bodies (if nominated to represent the council) of each councillor is published   |  |                 |
| <b>EMPLOYEES</b>  |  |                 |

| Expected Standard  | Evidence of Achievement   | Comments |
|--|---|----------|
| Check that the Clerk / Responsible Financial Officer has signed contract of employment | <i>Check salary to employee has been paid in accordance with HMRC requirements</i>  |          |
| Ensure that pay rises (if any) are agreed and minuted at the relevant meeting          | <i>Even if JNC recommended pay rises are offered, as pay rises are an additional disbursement from public funds they should be agreed at a Council meeting and minuted.</i> |          |

## TERMS OF ENGAGEMENT

### *Roles and Responsibilities*

As members of the Council, we are responsible for ensuring that the Council maintains proper accounting records together with an appropriate system of internal control. We are also responsible for the preparation of annual accounts and the completion of the Annual Governance and Accountability Return.

As internal auditor, you are responsible for reporting to the Council on the adequacy of the systems of internal control.

### *Scope of Audit and Reporting Requirements*

The detailed scope of the audit is set out in the Audit Plan above.

In addition to this work, the Council requires you to:

Complete and sign section 4 of the Annual Governance and Accountability Return;

Provide the Council with a written report of your findings upon completion of the audit;

Attend a meeting if deemed necessary in order that Councillors may test the effectiveness of the audit.

In carrying out the internal audit, you will have full regard to the guidance on Internal Audit set out in “Governance and Accountability for Smaller Authorities in England”, published by NALC and the SLCC.

### *Audit Timetable*

The internal audit will commence in accordance with the timetable agreed with us.

### *Independence*

In accepting any appointment, you would confirm that you are independent of the Council and of its Councillors and officers. You undertake to confirm to us in writing if you become aware of any threats to your independence or if these circumstances change.

### *Access to Information, Members and Officers*

You will have full access to all Council books and records, staff and Councillors as you consider necessary.

### *Period of Engagement and Remuneration*

Your appointment as Internal Auditor to the Council is for the financial year ended 31 March 2024.

### *Agreement of Terms*

This letter supersedes any previous engagement letter issued by the Council. Once agreed, this letter will remain effective from the date of signature until it is replaced.

**Signed .....** (Chairman)

**Date .....**