

SYSTEM OF INTERNAL CONTROL

I provided an internal audit service for Choppington Parish Council for the financial year ended 31 March 2021 and, acting independently; I examined the system of internal control by undertaking the following tests and reported my findings to the Council.

		Test Done Yes or No
1	Checking that books of account have been properly kept throughout the year	Yes
2	Checking payments (100%) to ensure that the Council's financial regulations have been met, invoices support payments, expenditure is approved and VAT is correctly accounted for	Yes
3	Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks.	Yes
4	Verifying that the annual precept request is the result of a proper budgetary process; that the budget process has been regularly monitored and that the Council's reserves are adequate	Yes
5	Checking income records (100%) to ensure that correct prices have been charged, income received, recorded and promptly banked and VAT is properly accounted for.	Yes
6	Reviewing petty cash records to ensure receipts support payments, expenditure is approved and VAT is correctly accounted for.	No petty cash imprest held
7	Checking that salaries to employees have been paid out in accordance with Council approvals and that PAYE and NI requirements have been properly applied.	Yes
8	Checking the accuracy of the assets and investment records	Yes
9	Testing the accuracy and timeliness of periodic and year-end bank account reconciliations.	Yes
10	Year-end testing on the completeness and accuracy of the financial statements	Yes
11	Checking that during the previous year (2019/2020), the Town Council correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	Yes
12	The Town Council has complied with the publication requirements for 2019/20 AGAR	Yes

On the basis of my examination, which is limited to the tests indicated above, in my view that Council's system of internal controls is in place, adequate for the purpose intended, and effective, and, where appropriate, I have made recommendations to the Council.



Internal Auditor

19 May 2021

CHOPPINGTON PARISH COUNCIL 2020/2021 AUDIT CHECKLIST

INTERNAL CONTROL	TESTS	YES/NO
Proper bookkeeping	<ul style="list-style-type: none"> • Is the cashbook maintained and up to date? • Is the cashbook arithmetic correct? • Is the cashbook regularly balanced 	<p>Yes</p> <p>Yes</p> <p>Yes</p>
A) Standing Orders and Financial Regulations adopted and applied and B) Payment Controls	<ul style="list-style-type: none"> • Has the Council formally adopted standing orders? • Has the Council formally adopted financial regulations? • Has a Responsible Financial Officer been appointed with specified duties? • Have items or services above a de minimus level been competitively purchased? • Are payments in the cashbook supported by invoiced, authorised and minuted? • Has VAT on payments (including petty cash payments) been identified, recorded and reclaimed? • Is Section 137 expenditure separately recorded and within statutory limits? 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
Risk Management arrangements	<ul style="list-style-type: none"> • Does a scan of the minutes identify any unusual activities? • Do the minutes record the Council carrying out an annual risk assessment? • Is the insurance cover appropriate and adequate? • Are internal financial controls documented and regularly reviewed via Financial Regulations and Standing Orders? 	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
Budgetary Controls	<ul style="list-style-type: none"> • Has the Council prepared an annual budget in support of its precept? • Is actual expenditure against the budget regularly reported to the Council? • Are there any significant unexplained variances from the budget? 	<p>Yes</p> <p>Yes</p> <p>No</p>
Income Controls	<ul style="list-style-type: none"> • Is the income promptly recorded and promptly banked? • Does the precept recorded in the cashbook agree to the County Council's notification? • Are security controls over cash adequate and effective/ 	<p>Yes</p> <p>Yes</p> <p>Yes</p>
Petty cash procedures	<p>Is all petty cash spent recorded and supported by VAT invoice/receipts?</p> <p>Is petty cash expenditure reported to each Council meeting?</p>	<p>No</p> <p>petty cash imprest held</p>

Payroll controls	<ul style="list-style-type: none"> • Do salaries paid agree with those approved by the Council? • Are other payments made reasonable and approved by the Council? • Has PAYE/NIC been properly operated by the Council as an employer? 	<p>Yes</p> <p>Yes</p> <p>Yes</p>
Assets Controls	<ul style="list-style-type: none"> • Does the Council maintain an asset register of all material assets owned? 	<p>Yes</p>
Bank Reconciliation	<ul style="list-style-type: none"> • Is there a bank reconciliation for each account? • Are bank reconciliations carried out regularly on receipt of statements? • Are there any unexplained balancing entries in any reconciliation? 	<p>Yes</p> <p>Yes</p> <p>No</p>
Year—end procedures	<ul style="list-style-type: none"> • Are year-end accounts prepared on the correct accounting basis? [receipts & payments/ income & expenditure]? • Do accounts agree with the cashbook? • Is there an audit trail underlying financial records to the accounts? • Where appropriate, have debtors and creditors been properly recorded? 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

Peter Basnett

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Date: 19/05/2021