

# SDH Internal Audit – Internal Control Questionnaire 2020-21

Michaelstow Parish Council

Clerk/RFO Simon Mitchell

1	<p>Previous Year's Annual Governance &amp; Accounting Statement AGAR. If audited by external audit the page relating to their conclusion of audit should also be included for publication.</p> <p>Where an Exemption Certificate was completed, this should ideally have been published with the completed AGAR.</p>	<p>When was it published on the Council's website ? <a href="http://www.parish-council.com/michaelstow/documents/audit2020/magarandreport.pdf">http://www.parish-council.com/michaelstow/documents/audit2020/magarandreport.pdf</a></p> <p>When was it published on the Council's website? From 15<sup>th</sup> June – 24<sup>th</sup> July 2020 In above document</p>
2	<p>Previous Year's Internal &amp; External Audit Findings where appropriate?</p>	<p>When were they presented to Council? Presented to council 04.06.20, proposals 5, 6, 7 on Pandemic Decision Record <a href="http://www.parish-council.com/michaelstow/index.asp?pageid=709327">http://www.parish-council.com/michaelstow/index.asp?pageid=709327</a></p>
3	<p>Review of Internal Controls When did Council last review its annual Risk Assessment? H &amp; S Policies? Data Protection/GDPR procedures &amp; policies? IT back up procedures? Have they ever been tested?</p>	<p>Internal controls deemed satisfactory – updated March 2021: <a href="http://www.parish-council.com/michaelstow/documents/audit2021/statementofinternalcontroloapr21.pdf">http://www.parish-council.com/michaelstow/documents/audit2021/statementofinternalcontroloapr21.pdf</a></p> <p>Risk assessment for assets reviewed 2021: <a href="http://www.parish-council.com/michaelstow/documents/audit2021/michaelstowparishcouncilassetregister2021ra.pdf">http://www.parish-council.com/michaelstow/documents/audit2021/michaelstowparishcouncilassetregister2021ra.pdf</a></p> <p>Financial risk-assessments from 2020: <a href="http://www.parish-council.com/michaelstow/documents/audit2020/completestfinancialriskassessmentmarch20mich.pdf">http://www.parish-council.com/michaelstow/documents/audit2020/completestfinancialriskassessmentmarch20mich.pdf</a></p> <p>No H&amp;S policies.</p> <p>GDPR policies integrated with website / interface with public. Data protection – all paperwork &amp; computer in lock-up office. Clerk's working desktop backed up to parish laptop. Hoping to back-up to cloud in 2021 so councillors / parishioner have easier access to relevant documents.</p>
4	<p>When did Council last review and adopt its Standing Orders?</p>	<p>Standing orders still from 2019: <a href="http://www.parish-council.com/michaelstow/documents/audit2020/model-standing-orders-2019englandmich.pdf">http://www.parish-council.com/michaelstow/documents/audit2020/model-standing-orders-2019englandmich.pdf</a></p>

5	When did Council last review and adopt its Financial Regulations?	Financial Regulations last reviewed & re-adopted 2019: <a href="http://www.parish-council.com/michaelstow/documents/audit2020/michmodel-financial-regs-2019.pdf">http://www.parish-council.com/michaelstow/documents/audit2020/michmodel-financial-regs-2019.pdf</a>
6	At which Council meeting did Council adopt its Budget for 2021/22 & set its Precept for 2021/22? Is a 3 year forecast in the budget also included or any type of strategic budget?	December 20 Minutes Item 7c: <a href="http://www.parish-council.com/michaelstow/documents/currentyearminutes/minsdecember20.pdf">http://www.parish-council.com/michaelstow/documents/currentyearminutes/minsdecember20.pdf</a>  No forecast included because of small precept amount.
7	Financial – <i>Please describe the Internal Controls in place given COVID limitations.</i> Provide evidence of Council checking a bank reconciliation, to determine the accuracy of the accounting system. How frequently does this happen? (Given COVID restrictions.) Who carries it out? Are they a cheque signatory? Is the bank statement or reconciliation evidenced i.e. signed as seen by the checker?	Usually the bank balance is included on both the agenda and the minutes in addition to any payments on the agenda. Copies of each bank statement are given to Cllr. R.W. A bank reconciliation is included every year for the purposes of the audit. This is prepared by the clerk RFO (who is a cheque signatory) and verified by the internal auditor. The annual accounts are verified as part of the auditing process and half-yearly accounts and projections are prepared by the RFO prior to the precept claim in November/December.
8	How often does Council monitor receipts & payments against the budget? Describe the process.. Are specific projects monitored separately? Describe. Should costs exceed that budgeted is over spend approved formally by Council. Describe the process. Egs Virements ( transfers between budget headings ) etc.	Michaelstow parish council has small expenditure. Outgoings are focussed on the beginning of the financial year, eg payments for insurance, membership of CALC, auditor & salary processing. There are no specific projects.
9	Employees & Payroll Does the Clerk/RFO have a contract of employment? When was it last updated? Does it reflect NALC/SLCC best practice? Pay scales etc.	Yes. It is a NALC standard contract initiated in 4.07.2013: <a href="http://www.parish-council.com/michaelstow/documents/audit2020/clerkcontractmich.pdf">http://www.parish-council.com/michaelstow/documents/audit2020/clerkcontractmich.pdf</a>  It hasn't been updated & annual increments in salary have been awarded each year and approved in the minutes.
10	What payroll software or Payroll Contractor do you use? How many employees are there? Who independently performs checks to ensure that employees are paid the correct amount at the right time? Describe the process.	The clerk is the only employee and payroll is contracted to a third party. Payroll sends the clerk a monthly salary chit by email. If there are any changes to the rate of pay or hours, this is minuted and a request is sent to the bank that is co-signed by the clerk and chair.
11	Has the Governments Pension auto enrolment initiative been followed?	The clerk is offered opportunity to enrol in a pension scheme which follows the deadlines imposed by government.

	Have entitled employees been offered the chance of joining a pension scheme in the last 3 years?	
12	INSURANCE & ASSETS Who is the Council insured with? What are the dates of the insurance cover? When did you last obtain competitive quotes for your insurance cover?	The parish council is insured with BHIB and the cover runs from 1 <sup>st</sup> June annually. The clerk receives quotes from other insurance companies by email and compares them for best value and cover.
13	Does the Council have a Fixed Asset Register or Listing? When was it last updated? Will it be updated before yearend? How are assets valued? Who checks the condition of the assets?	The fixed asset register and risk assessments on these are kept on the same document as the PC does not own much. Assets are checked annually by councillors / clerk and valued at their original purchase price. <a href="http://www.parish-council.com/michaelstow/documents/audit2021/michaelstowparishcouncilassetregister2021ra.pdf">http://www.parish-council.com/michaelstow/documents/audit2021/michaelstowparishcouncilassetregister2021ra.pdf</a>
14	PAYMENTS How many councillor cheque signatories have you, how many are required to sign a cheque? If payment is made on line please confirm how many councillors are authorised to make the payment and describe the process?	Four councillors and the clerk are registered signatories and two signatures are required. Presently online purchases are made by the clerk or a councillor if needed and the payment returned to them by cheque on receipt of an invoice.
15	Payments; Standing Orders & Direct Debits Please record which suppliers are paid by these methods and when Council authorised the payment method and amounts involved.	Only the clerk is paid by monthly standing order in arrears and payment was authorised by the initial contract and renewed annually with permitted increments on the LC2 scale, recorded in the minutes.
16	CONTRACTS If the Council entered into a contract this year please describe the process followed which supports best practice and Financial Regulations were followed and Best Value achieved.	No new contracts.
17	RECEIPTS Please describe the type of income you receive.	Precept, VAT refunds,
18	How does Council ensure all appropriate income is received and banked intact? Are there approved pricing policies for lettings, allotments, cemetery fees etc?	Both precept and occasional VAT refunds are paid in directly to the bank.
19	Do you have a General Reserves Policy? If Yes, please briefly explain what it is.	The council keeps a safety margin of £1300 at the moment and £2000 in case of incurring the cost of a contested election.
20	Do you expect your Annual Receipts or Annual Payments as at 31/3/2021 to be in excess of £25,000?	No

21	If your response is "No" is Council applying for an Exemption from being Externally Audited? At what Council meeting is the decision expected to be made?	The decision was made by councillors at the March 2021 meeting, item 7c: <a href="http://www.parish-council.com/michaelstow/documents/currentyearminutes/minsmar21.pdf">http://www.parish-council.com/michaelstow/documents/currentyearminutes/minsmar21.pdf</a>
22	Do you use the Power of Competence or s137 LGA 1972? If the latter please indicate the number of your electorate. When did Council last adopt Power of Competence?	The council has used neither of these.
23	VAT. How frequently do you reclaim VAT? When was your last claim? If you are VAT registered? Please insert your VAT number. Please record when you submit your online VAT return.	VAT is reclaimed infrequently as there are very few VAT related purchases. 2016 is the last claim year and this was made on paper! This year's invoices show about £12 in VAT & the clerk will check previous year's invoices for a claim, following the audit.
24	COVID 19 & ITS IMPACT ON COUNCIL OPERATIONS Please describe any additional measures you have taken as a result of the above, particularly ensuring ensuring your community has been kept safe and informed.	Although some councillors were initially reluctant to engage with meeting on Zoom, recent meetings are well-attended. The crisp management of the chair and the clerks organisational skills ensure that meetings take no longer than 40 minutes, the allotted 'free time' on Zoom. The council kept a 'decision record' published online to record decisions made by online vote outside of meetings ( <a href="http://www.parish-council.com/michaelstow/index.asp?pageid=709327">http://www.parish-council.com/michaelstow/index.asp?pageid=709327</a> ).

Date 01.04.21

Thank you for completing this form; it has been devised to help the audit process and as a quick checklist to ensure you are meeting crucial management controls.

Should you have any queries please do not hesitate to contact me.

I will look to start the audit process in February for some councils, after you have agreed your budgets & precepts

Sue Hackett