



Compton and Shawford Parish Council

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INTERNAL AUDIT: SCOPE & COVERAGE OF THE WORK CARRIED OUT following the 27 November 2012 F&A meeting

In order that the Parish Council is able to complete assertions 2 and 6 in its annual governance statement, the annual internal audit should include the checks outlined belowⁱ.

Internal Control	Suggested Testing	Checked
Bookkeeping	Is the cashbook maintained and up to date? Is the cashbook arithmetic correct? Is the cashbook balanced regularly?	Yes, checked monthly Yes - spreadsheet formula should ensure correctness; figures are totalled across and down so any errors should be readily visible. Yes, monthly
a) Standing orders and financial regulations adopted and applied b) Payments controls	Has the council formally adopted standing orders and financial regulations? Has a responsible financial officer been appointed with specific duties? Have items of or services above the <u>de minimis</u> amount been competitively purchased? Are payments in the cashbook supported by invoices, authorised and minuted? Has VAT on payments been identified, recorded and reclaimed? Is Section 137 expenditure separately recorded and within statutory limits?	Yes -publicly available at http://compton.pariah.hants.gov.uk/parish-council/governance-documents/ Yes - the clerk Yes Yes - checked, and minuted at each PC meeting Yes - quarterly VAT returns Yes, when applicable

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Internal Control	Suggested Testing	Checked
Risk management arrangements	<p>Does a review of the minutes identify any unusual financial activity? Do minutes record the council carrying out an annual risk assessment? Is insurance cover appropriate and adequate?</p> <p>Are internal financial controls documented and regularly reviewed?</p>	<p>No Yes, every March Last major asset revaluation 25 September 2009. Assets added as necessary, policy is indexed (3% this year). Current insurance values shown on the Asset Register, which is updated annually in March. Yes, within Financial Regulations, last reviewed and updated November 2012</p>
Budgetary controls	<p>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 budget?</p>	<p>Yes - for approval at December PC meeting Yes, at each PC meeting No (Playing Fields budget exceeded because of WCC Open Spaces Funding for purchase of equipment.)</p>
Income controls	<p>Is income properly recorded and promptly banked? Does the precept recorded agree to Winchester City Council's notification? Are security controls over cash and near-cash adequate and effective?</p>	<p>Yes Yes N/A: cash is not held</p>
Payroll controls	<p>Does the clerk have a contract of employment with clear terms and conditions? Does the salary paid agree with that approved by the council? Are other payments to the clerk reasonable and approved by the council? Have PAYE/NIC been properly operated by the council as an employer?</p>	<p>Yes - approved and signed at the November 2008 PC meeting. Modifications mutually agreed, to be signed at the PC meeting on 4 December 2012. Note that the PC's Risk Management Guidelines require the contract to be reviewed annually. Yes Yes Yes</p>

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Internal Control	Suggested Testing	Checked
Assets control	Does the council maintain a register of all material assets owned or in its care? Is the asset register up to date? Do asset insurance valuations agree with those in the asset register?	Yes Yes, and reviewed annually: see minutes of PC meeting held 6 March 2012 Yes - revised October 2012 (insurance figures exceed total assets by £393,573)
Bank reconciliation	Is a bank reconciliation carried out regularly and in a timely fashion? Are there any unexplained balancing entries in any reconciliation? Is the value of investments held summarised on the reconciliation?	Yes No Yes
Year-end procedures	Are the accounts prepared on the correct accounting basis (receipts and payments)? Do accounts agree with the cashbook? Is there an audit trail from underlying financial records to the accounts? Where appropriate, have debtors and creditors been properly recorded?	Yes Yes Yes Yes

Adrian Walmsley
Finance and Administration Convenor
Compton & Shawford Parish Council
Date 1 December 2012

(record of review carried out following the Finance and Admin Committee meeting 27 November 2012)

Note dated 5 December 2012: Compared to the version of this document tabled at the 4 December 2012 PC meeting, the item headed "payroll controls" has been updated to record the mutually agreed change to the clerk's contract.

ⁱ The check list is based upon the guidance contained in NALC Governance & Accountability for Local Councils "A Practitioners' Guide (England) 2010, Appendix 9 - An approach to internal audit testing"