

Internal Financial Controls Checklist 2022

A. Payments	Yes	No	Comment
<p>1. Original bank statement cross referenced to entries in the spreadsheet/ accounts system and supporting documents.</p> <p><i>List below by statement number and bank account.</i></p>	Yes		<p>Two statements were chosen at random and checked, those for May 2021 and January 2022.</p> <p>In the case of the monthly direct debit payments to TalkTalk Business, the entries were checked against pdf copies of the invoices stored on the Council's laptop rather than paper copies.</p>
<p>2. Invoices seen and correct.</p> <p>Invoices should be signed by signatories and initialled by RFO</p>		No	<p>It is not current practice for the Clerk/RFO to initial invoices before or after presenting them to cheque signatories.</p> <p>Six payments were examined, chosen at random: in five cases the supporting paperwork was initialled or signed by two signatories.</p> <p>The records show that the Clerk/RFO forgot to bring a paper copy of the insurance renewal invoice to the November 2021 Council meeting and the signatories examined the electronic copy of it before signing the payment.</p>
<p>3. Bank accounts reconciled monthly and cross referenced to a minimum number of entries in the payments schedule</p>	Yes		<p>Records show that the Clerk/RFO reconciled the bank accounts every time he received a statement, usually on the same day and recorded in column O of the 2021-22 Accounts spreadsheet every payment that appears.</p> <p>This was checked for two months chosen at random, May 2021 and January 2022.</p>

4. List of electronic payments authorised and signed by approver			<p>The Council made eight electronic payments in 2021-22, but these are not internet banking but Faster Payments carried out a Barclays branch, of which four were the quarterly payments to HMRC. The check showed that when the Clerk goes straight from the village to a Barclays branch, there is often no copy of the signed authorisation in the Council's records as it is given to the bank and often, but not always, retained by them.</p> <p>In every case, there was supporting paperwork signed or initialled by two signatories</p>
5. All cheque payments authorised by two signatories and stubs initialled	Yes		<p>The stubs were checked for three cheques selected at random: 100441, 100445 and 100448. All had been initialled by two cheque signatories.</p>
6. Direct Debit payments agree with authorised list	Yes		<p>The Council approved three variable direct debit agreements at its 2021 Annual Meeting: one monthly payment and two annual payments.</p> <p>Only these 14 direct payments were made in 2021-22.</p>
B. Salaries	Yes	No	Comment
1. PAYE & NIC paid on time	Yes		<p>The Council is only required to pay HMRC quarterly as a small employer. The quarterly payments are shown on the bank statements as having been made on 6th July, 8th October, 17th January and 14th April – all before the deadline of 19th of the month concerned.</p>
2. PAYE & NIC payments agree to payroll and agree to bank statement	Yes		<p>All four quarterly payments were checked and did agree.</p>

C. Budget Control	Yes	No	Comment
1. All payments entered into the cashbook/system accurately		No	<p>The 2021-22 accounts had to be corrected and put to an Extraordinary Council Meeting after the April 2022 bank statement showed the Clerk/RFO had recorded the wrong figure for the 2022 annual subscription to the Oxfordshire Association of Local Councils.</p> <p>The mistake happened because the Clerk/RFO used copy and paste from the 2021 subscription to save re-entering all the information on the spreadsheet but forgot to amend the amount.</p>
2. Payment schedule presented at Parish Council Meeting			<p>The Clerk/RFO lists payments for approval on the published agendas of Council meetings where they are usually approved and signed individually.</p> <p>in 2021-22 there was only one occasion where the Clerk put a schedule to the Council for approval by means of a single vote. This happened at an Extraordinary Council Meeting in June 2021.</p>
3. All payments within budget		No	<p>The 2021-22 management accounts show two budgets were overspent:</p> <p>a) The £200 Office & stationery budget was overspent by £4.17. This happened when the Council paid the Vice-Chair's £12 printing expenses at the March 2022 Council meeting when there was less than £8 left in the relevant budget. The Clerk/RFO should have asked the Council to increase this budget before asking it to approve the payment but he did not.</p> <p>b) The £2,700 Staff Costs budget was overspent by £417.61. This happened when the Chair and Vice-Chair approved the pay due to the Clerk for Q4 on 31st March 2022 even though it</p>

			<p>exceeded the amount available in the relevant budget.</p> <p>The Chair and Vice-Chair approved the payment under Reg 7.2. The Clerk/RFO was at fault for not foreseeing the need to increase the Staff Costs budget at the March 2022 Council meeting.</p> <p>There was one example during 2021-22 of the Clerk/RFO foreseeing the need to ask the Council increase a budget and that was at the September 2021 Council meeting in the case of Subscriptions.</p>
4. If not, approval to transfer minuted		No	This did not happen in 2021-22 although, as described above, it should have done.
5. Section 137 is accounted for separately			There was no Section 137 payment in 2021-22.
D. VAT	Yes	No	Comment
1. There is a separate VAT column on the accounting spreadsheet/system	Yes		Yes, column M in the 2021-22 Accounts spreadsheet.
2. The VAT is reclaimed regularly, quarterly or annually?			<p>The Clerk/RFO aspires to claim VAT quarterly, where possible.</p> <p>A claim was made at the end of Q1. But at the end of Q2 there was only £73.30 available to reclaim, and at the end of Q3 still only £91.57.</p> <p>So, a second claim was only made at the end of Q4 when the amount of VAT available to reclaim finally exceeded £100.</p>

E. Receipts	Yes	No	Comment
3. Receipts are correctly recorded on account spreadsheet/ system List below by receipt number	Yes		Unlike payments, all 13 receipts were correctly recorded.
4. Receipts are reconciled against original bank statements	Yes		In the same way as payments. The months of May 2021 and January 2022 were picked at random. There was one receipt on the May 2021 bank statement which was checked against the 2021-22 Accounts spreadsheet.
5. Receipts to Parish Council minuted	Yes		Receipts were minuted on five out of six occasions. The Clerk did not minute at the 2021 Annual Meeting whether there had been any receipts. Instead, the minutes of the June 2021 meeting record all receipts since the date of the last ordinary meeting in March 2021.
6. A reconciliation of accounts is presented to council regularly Date of last one?	Yes		As mentioned earlier, the Clerk/RFO presented a reconciliation to every one of the Council's five ordinary meetings in 2021-22, the last of which was in March 2022.

Review Date: April or May 2023