

Tivetshall Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
19 April 2023

I have completed an internal audit of the accounts for ***** Parish Council for the year ending March 2023.

My findings are detailed below using the tests provided in the Governance and Accountability (England) guidance.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes, income, expenditure and spend against budget all up to date
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	Minutes report all policies reviewed in July 2022
	Date Financial Regulations last reviewed	Minutes report all policies reviewed in July 2022
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – large sample of invoices plus all payroll checked, all correct from invoice – minutes – bank statement
	Has VAT on payments been identified, recorded and reclaimed?	Yes – claims submitted regularly through year. Last one 31/3/23. Matched with income on bank statement
	Is s137 expenditure separately recorded and within statutory limits?	Yes – separate line in budget (used for wreath)
	Have S137 payments been approved and included in the minutes as such?	Yes, noted as S137 on October agenda
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Risk assessment dated July 2022. Done as part of the bulk policy approval? Asset checks – Clerk advised regular play assessment checks carried out by handyman, and ROSPA annual report received July.

Internal control	Test	Observations
Budgetary controls		No note in minutes of general asset checks.
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes – minutes as approved March 22. Review was due March 23 but can't see it minutes.
	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	January 2022 meeting set budget for 22/23. Minutes as approved.
	Has the precept been calculated from the budget and been approved?	The Precept Request was approved at £20,755
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes – accounts forecast tab on accounts shows spend against budget
	Are there any significant unexplained variances from budget?	Not unexplained – Clerk salary overspent due to Warm Spaces work, and income budget exceeded due to several grants
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Minutes January 2022 £20755 Bank statements £20755
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A
	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Two members of staff, both with contracts in place
	Do salaries paid agree with those approved by the council?	Yes – payslips and claim sheets supplied and checked

Internal control	Test	Observations
Asset controls	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes – Council are supplied with detailed claim sheets from Clerk, though this has not always been initiated by Councillors
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – HMRC records seen
	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes – next review due May 23
Bank reconciliation	Do asset insurance valuations agree with those in the asset register?	Yes
	Is there a bank reconciliation for each account and is this reported to council?	Yes, monthly reconciliations carried out and reported to Council at meetings
Year-end procedures	Is a bank reconciliation carried out regularly and in a timely fashion?	Monthly
	Are there any unexplained balancing entries in any reconciliation?	No
	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes R&P
	Do accounts agree with the cash book?	Yes - £16449.50
Procedural	Has a year-end bank reconciliation been undertaken?	Yes – agrees with above (£16449.50)
	Is there an audit trail from underlying financial records to the accounts?	Yes – invoices match bank accounts
	Is eligibility for the General Power of Competence properly evidenced?	N/A
	Have points raised on the last Internal Audit report been considered by council and actioned?	-Start a cashbook – yes, budget forecast page of accounts document now reports the spend against budget -Recommend report bank balances in minutes – yes, now all recorded within minutes

Internal control	Test	Observations
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	-Report all payments in minutes - yes -Policy updates in minutes should state what policies they are - no -Add list of Councillor names to website - completed Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Asset list is on website. Just needs to be updated with Pavilion land.

Summary:

Thank you to Alan for providing information and answering questions so promptly.

- I have checked through your accounts and confirmed them against income and expenditure receipts, as well as against payments in your cashbook. Bank reconciliations are regularly carried out for the accounts.
- I have confirmed that your Financial Regulations are up to date.
- I have noted that your VAT has been claimed within the past year
- I have verified that your insurance is adequate
- I confirm that your payroll management meets requirements
- I have reviewed your budget setting process and noted that you provide Council with regular spend against budget information

- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

Recommendations / items to note:

1. Your Standing Orders need updating to the newest version when you next consider them. The NALC template version now includes the following mandatory section:

A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £189,330 for a public service or supply contract or in excess of £4,733,252 for a public works contract; or £663,540 for a social and other specific services contract (or other thresholds determined by the European Commission every two years and published in the Official Journal of the European Union (OJEU)) shall comply with the relevant procurement procedures and other requirements in the Public Contracts Regulations 2015 which include advertising the contract opportunity on the Contracts Finder website and in OJEU.

A public contract in connection with the supply of gas, heat, electricity, drinking water, transport services, or postal services to the public; or the provision of a port or airport; or the exploration for or extraction of gas, oil or solid fuel with an estimated value in excess of £378,660 for a supply, services or design contract; or in excess of £4,733,252 for a works contract; or £663,540 for a social and other specific services contract (or other thresholds determined by the European Commission every two years and published in OJEU) shall comply with the relevant procurement procedures and other requirements in the Utilities Contracts Regulations 2016.

2. The dates on all of your policies indicate that they are reviewed each year. When minuting this item please ensure that you record the names of all the policies that have been considered, rather than noting them all under one general "policies" heading.

3. Asset checks. Just to cover yourselves in case of accidents / injuries you should arrange for a Councillor to carry out an annual check of all your assets (excluding play areas which are already regularly done), and minute the inspection.

All in all I have no concerns to raise and as such have signed the internal audit section of the AGAR.

Sonya

Sonya Blythe
Internal auditor

