

Spixworth Parish Council

Internal Audit Report
Financial Year 2021/22

Prepared by Sonya Blythe
9 May 2022

I have completed an internal audit of the accounts for Spixworth Parish Council for the year ending 2021.

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
	Is the cashbook arithmetically correct?	Yes – statements equal accounting statement
	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	May 2021
	Date Financial Regulations last reviewed	May 2021
	Has a Responsible finance officer been appointed with specific duties?	Yes – Clerk is RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – payments have invoices and are included within minutes
	Has VAT on payments been identified, recorded and reclaimed?	Yes – VAT form 126 provided, dated 31 March 22.
	Is s137 expenditure separately recorded and within statutory limits?	Line included within budget, but power not used
Have S137 payments been approved and included in the minutes as such?	N/A	
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?	Yes – May 21
	Is insurance cover appropriate and adequate?	Yes – buildings and contents insured adequately, plus separate certificate seen for employers liability

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	Yes, reviewed May 21
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – approved January 2022
	Has the precept been calculated from the budget and been approved?	Yes – budget provided.
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Balances and reconciliation provided at each meeting
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	Yes
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?	Yes – confirmed by Clerk
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes

Internal control	Test	Observations
	Have PAYE/NIC been properly operated by the council as an employer?	Yes- payslips and HMRC record seen
Asset controls	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 – updated for year end
	Has a formal asset inspection been carried out and recorded in the minutes?	No – annual inspection of assets not carried out. Annual play inspection carried out by ROSPA and reports provided.
	Do asset insurance valuations agree with those in the asset register?	Yes – insured value included on asset register
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes, regular updates given
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
Year-end procedures	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
	Do accounts agree with the cash book?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes – 3x accounts reconciled
	Is there an audit trail from underlying financial records to the accounts?	Yes – invoices for all payments, bank statements seen
Procedural	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?	Yes, all completed
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes

Internal control	Test	Observations
	Payments over £100 detailed on website?	Yes – in minutes
	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)	Yes – page dedicated to land
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	N/A – not yet transferred to PC
	Have fees for the allotments been reviewed and agreed by Council?	N/A

Summary of my recommendations:

Thank you to Carolyn for providing all of the documentation to carry out the audit.

I have checked through your account book and confirmed it against income and expenditure receipts, as well as against payments per your minutes. I have noted that your VAT has been claimed within the past year. I have verified that your insurance is adequate and that your payroll meets all requirements.

Your reporting meets Transparency Code requirements.

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

Matters to note which don't affect the outcome of the audit:

- Just for full clarity, when reporting the precept it is a good idea to also minute the amount this is per band D property.
- I would recommend a formal annual inspection of all your assets is carried out and documented for insurance purposes. In addition, many Councils carry out a monthly, documented, playground check to ensure the equipment remains in a safe condition.

Sonya Blythe
Internal auditor