

Spixworth Parish Council

Internal Audit Report
Financial Year 2023/24

Prepared by Sonya Blythe
24 April 2024

I have completed an internal audit of the accounts for Spixworth Parish Council for the year ending March 2024.

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
	Is the cashbook regularly balanced?	Monthly
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	June 23 minutes
	Date Financial Regulations last reviewed	May 23
	Has a Responsible finance officer been appointed with specific duties?	Yes, Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, payments evidenced from invoice to minutes to bank account
	Has VAT on payments been identified, recorded and reclaimed?	Yes, separate column in cashbook, reclaim received March 24
	Is s137 expenditure separately recorded and within statutory limits?	No column in cashbook
	Have S137 payments been approved and included in the minutes as such?	Power unused
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?	May 23 minutes *see recommendation
	Is insurance cover appropriate and adequate?	Yes, policy seen
	Are internal financial controls documented and regularly reviewed?	May 23 *see recommendation

Internal control	Test	Observations
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	2324 – January 23 minutes 2425 – December 23 minutes
	Has the precept been calculated from the budget and been approved?	2324 – precept not minuted 2425 – precept not minuted *see recommendation
	Does the budget include an actual completed year?	Yes
Income controls	Is actual expenditure against budget regularly reported to the council?	Regular updates at meetings
	Are there any significant unexplained variances from budget?	No
	Is income properly recorded and promptly banked?	Yes, all BACS
	Does the precept recorded agree to the Council Tax authority's notification?	Remittance £88000 Bank £88000 Cashbook £88000
Petty cash procedures	Are security controls over cash and near-cash adequate and effective?	Cash not handled
	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, seen previously
	Do salaries paid agree with those approved by the council?	Yes, payslips seen
	Are salaries above the National Living Wage/Minimum Wage?	Yes National increment applied in November 23
	Are other payments to employees reasonable and approved by the council?	Yes, expense claims seen

Internal control	Test	Observations
Asset controls	Have PAYE/NIC been properly operated by the council as an employer?	HMRC accounted for on payslips and monthly payments made to HMRC online
	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?	Updated items on list, but not formally approved in minutes
	Do asset insurance valuations agree with those in the asset register?	Yes
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Balances and reconciliation received each meeting
Year-end procedures	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Yes (BDC)
	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, R&P *see note
	Do accounts agree with the cash book?	AGAR £631,385 Statements £631,385.22
	Has a year-end bank reconciliation been undertaken?	Yes, £631,385.22
	Is there an audit trail from underlying financial records to the accounts?	Yes, cashbook checked to bank accounts
Procedural	Where appropriate, have debtors and creditors been properly recorded?	N/A – will be required in 2425 if turnover still over £200k
	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?	Update Standing Orders – yes Update transparency code reporting to that for larger councils – yes Minute percentage increase of precept when setting budget - no

Internal control	Test	Observations
Transparency: For larger councils with turnover over £200,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £500 detailed on website?	All payments included within minutes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Procurement card transactions detailed on website	N/A
	Last financial year's AGAR on website?	Yes
	Invitations to tender for goods or services detailed on website	Yes
	Contracts with a value of over £500 detailed on website	Yes
	Staffing chart on website	Yes
	Details of grants awarded available on website	Yes (meeting minutes)
	Waste collection contracts on website	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Yes
Allotments only	Has a list of allotment holders with amounts paid to Council been submitted?	Allotments received October 23 Payments included in cashbook
	Have fees for the allotments been reviewed and agreed by Council?	June 23 minutes
Other	Village hall accounts	SPC is sole trustee of the Village Hall – VH accounts are audited separately and filed with

Internal control	Test	Observations
		Charity Commission - not covered as part of this audit.

Summary of report:

Thank you to Carolyn for supplying all documentation 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 and Standing Orders 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
- I have checked that your risk management is adequate

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

Notes / recommendations for 24/25:

For the annual policy review in May, the policies were not actually listed within the minutes. All policy reviews should be minuted for clarity (although they were listed on the agenda so I could check them). This is especially important with the risk assessment, as the AGAR asks both Council and the internal auditor to confirm that risk has been assessed within the financial year. In addition I would recommend also formally minuting approval of the asset list annually, either as part of your year-end processes, or budget setting.

When setting the budget, the precept amount approved must be recorded in the minutes for parishioner information. In addition it is best practice to also minute the percentage increase to a Band D property, if any.

This is the second year where SPCs turnover has been over £200,000. You have already changed your transparency code reporting to cover this. Please see the following information from the JPAG Practitioners Guide:

“Current rules require authorities where the gross income or expenditure for the year

(whichever is the higher) has exceeded the threshold of £200,000 for a period of three continuous years, to report their financial details on an income and expenditure (I&E) basis, from the third year onwards”.

This means that next year, if your turnover is over £200k again, you will need to report your year-end accounts differently, including accruing for debtors and creditors on the AGAR. If this looks likely it may be worth raising it with Scribe during the year, in case they need to set your accounts up differently.

Sonya

Sonya Blythe
Internal auditor