

Spixworth Parish Council

Internal Audit Report
Financial Year 2020/21

Prepared by Sonya Blythe
13 June 2021

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
	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 21
	Date Financial Regulations last reviewed	May 21
	Has a Responsible finance officer been appointed with specific duties?	Yes – Parish Clerk
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – invoices for all, signed off by two Councillors, and minuted.
	Has VAT on payments been identified, recorded and reclaimed?	Yes - March 2021
	Is s137 expenditure separately recorded and within statutory limits?	N/A
Risk management arrangements	Have S137 payments been approved and included in the minutes as such?	N/A
	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 2021. Risk register provided. Query regarding regular physical checks of assets.
	Is insurance cover appropriate and adequate?	Haven't seen whole schedule, but public and products liability seem adequate and in line with asset register.

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	Yes – most recent May 2021
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	Has the precept been calculated from the budget and been approved?	Approval reported in minutes, but amount of precept not included within minutes.
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes – balances and reconciliation reported monthly.
	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	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Do salaries paid agree with those approved by the council?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – payslips seen

Internal control	Test	Observations
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 – 2020 items added
	Do asset insurance valuations agree with those in the asset register?	As above, detailed schedule not seen, but amounts seem adequate.
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?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Yes
Year-end procedures	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
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	Yes
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?	N/A
Transparency: For smaller councils with turnover under £25,000 (best practice for Councils over £25,000 and under £200,000)	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	No
	Payments over £100 detailed on website?	Included within minutes

Internal control	Test	Observations
	Electors' rights advertised on website?	Website changed in last year and so cannot check.
	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)	Land details published
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council carried out an information audit?	Yes
	Has the Council put in place a privacy notice and policy?	Yes

Summary of my recommendations:

Thank you to Carolyn for providing all documentation required to carry out the annual audit. The accounts, cash book and reconciliation all balance and I have no hesitation in signing the internal audit page of the Annual Governance and Accountability Return.

Just a couple of minor recommendations:-

- Asset inspections. In order to meet health and safety requirements a Councillor(s) should be given the responsibility to inspect each piece of equipment that you own (bus shelters, fencing etc) annually, and formally report the results of the inspection with any works that are required to Council, to ensure they are kept in a safe condition. Playground checks should be scheduled to be carried out regularly, on top of the annual check by ROSPA, with a record kept of all inspections.
- This may just be because your website is fairly new, but in order to be transparent it would be a good idea to make sure that your meeting agenda's are published on the website, to ensure that parishioners are fully aware of matters that you will be discussing at each meeting.
- You should ensure that your minutes include the amount of the agreed precept when you are setting the budget.

Kind regards

Sonya

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