

Spixworth Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
29 April 2023

I have completed an internal audit of the accounts for Spixworth 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
	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	<ul style="list-style-type: none"> - Old version in place, NALC have updated contract requirements - Policy review carried out in May 22, but Standing Orders not listed under this item
	Date Financial Regulations last reviewed	May 22
	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 – payments traced from invoice – cashbook – minutes – bank statements
	Has VAT on payments been identified, recorded and reclaimed?	Scribe report shows VAT accounted for.
	Is s137 expenditure separately recorded and within statutory limits?	Yes – column on spreadsheet
	Have S137 payments been approved and included in the minutes as such?	Power not used
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?	<p>Yes – May 2022 minutes</p> <p>June minutes record Council agreeing to carry out monthly checks on equipment.</p>

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes, policy seen
	Are internal financial controls documented and regularly reviewed?	Internal controls minuted as being reviewed in May 22
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – January 2022 for 22/23 budget
	Has the precept been calculated from the budget and been approved?	£88,000 per January 2022 minutes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Minutes report balances and reconciliations regularly received
	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?	Minutes £88000 SNC remittance £88000 Cashbook £88000
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, all contracts seen.
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	No, one member of staff paid minimum wage (has received the April 23 increment)

Internal control	Test	Observations
	Are other payments to employees reasonable and approved by the council?	Yes, claims seen
	Have PAYE/NIC been properly operated by the council as an employer?	HMRC accounted for on payslips, payments made to HMRC via BACS
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?	Register dated 22/23
	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?	Yes, monthly
	Are there any unexplained balancing entries in any reconciliation?	No
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?	AGAR £383811 Bank accounts £393811.42
Procedural	Has a year-end bank reconciliation been undertaken?	Yes – £393811.42
	Is there an audit trail from underlying financial records to the accounts?	Yes – payments traced from invoice – cashbook – minutes – bank statements
	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?	When reporting the precept it is a good idea to also minute the amount this is per band D property. No. Formal asset checks should be carried out. Yes - June minutes record Council agreeing to carry out monthly checks on equipment.

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?	Yes, included in minutes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Procurement card transactions detailed on website?	Clerk updating *see note
	Last financial year's AGAR on website?	Yes
	Invitations to tender for goods or services detailed on website	Clerk updating
	Contracts with a value of over £500 detailed on website	Clerk updating
	Staffing chart on website	Clerk updating
	Details of grants awarded available on website	Clerk updating
	Waste collection contracts on website	Clerk updating
Allotments only only	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Information on PC land on website, but not full detail required per this description
	Has a list of allotment holders with amounts paid to Council been submitted?	Not yet adopted
	Have fees for the allotments been reviewed and agreed by Council?	Not yet adopted

Summary:

Thank you to Carolyn 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. NALC template standing orders were updated in 2020 and include new amounts for public contracts. These sections should be updated when you next review your standing orders.
2. Transparency code – unfortunately your CIL income has pushed you over the line to where you are now subject to the Transparency Code 2015 requirements. Carolyn is updating the website and this will be completed by the time paperwork is sent to the external auditor. This couldn't have been realised at the start of 22/23.

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

Thank you

Sonya

Sonya Blythe
Internal auditor

