

Great Witchingham Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
8 June 2023

I have completed an internal audit of the accounts for Great Witchingham 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	January 23
	Date Financial Regulations last reviewed	March 23
	Has a Responsible finance officer been appointed with specific duties?	Locum Clerk appointed as RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – invoices can be followed through minutes, cashbook and bank accounts
	Has VAT on payments been identified, recorded and reclaimed?	Claims made October 22 (received) and March 23
	Is s137 expenditure separately recorded and within statutory limits?	Recorded separately on budget sheet
Risk management arrangements	Have S137 payments been approved and included in the minutes as such?	Wreath and church grounds grant both recorded in minutes as s137
	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, March 23. RA confirms annual check of assets is carried out
	Is insurance cover appropriate and adequate?	Yes, Zurich policy seen
	Are internal financial controls documented and regularly reviewed?	Documented – last updated 2018

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?	Yes, January 2022 for 22/23 accounts
	Has the precept been calculated from the budget and been approved?	Yes, minuted as £16102
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	July 22 minutes plus as part of budget setting for following year
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes – all income received by BACS. No cash payments. Bank account agrees with cashbook.
	Does the precept recorded agree to the Council Tax authority's notification?	Cashbook £16102 Bank £16102 received
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?	Contract in place for Clerk (seen).
	Do salaries paid agree with those approved by the council?	Payslips agree with cashbook (backpay paid November)
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes, expenses seen with accounts
	Have PAYE/NIC been properly operated by the council as an employer?	HMRC accounted for on payslips, Pension conts made. Payments made to HMRC in cashbook in later part of year.

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, March 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?	Reported regularly throughout year, amounts included within minutes
	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, R&P
	Do accounts agree with the cash book?	AGAR £11413 Bank accounts £11412.63
	Has a year-end bank reconciliation been undertaken?	Yes, £11412.63
	Is there an audit trail from underlying financial records to the accounts?	Yes – invoices agreed to bank accounts
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?	None raised
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	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

Internal control	Test	Observations
	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

Summary:

Thank you to Sarah 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 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
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

Recommendations / items to note:

- Your Internal Controls document would benefit from being updated as they were last looked at in 2018. I would recommend reviewing them annually, but as a minimum every two years or sooner if you change your systems in the meantime.
- Budget monitoring is only recorded within the minutes twice during the financial year. This document should work alongside the monthly reconciliation to assure Council that there is adequate money in the bank accounts to make payment and that its spending is on track. This should be carried out ideally for each meeting, but as a minimum quarterly.

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

Budget monitoring

Sonya

Sonya Blythe
Internal auditor