

West Dereham Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
9 May 2023

I have completed an internal audit of the accounts for West Dereham 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 - Scribe
	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	March 23 minutes
	Date Financial Regulations last reviewed	March 23 minutes
	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, trail from invoice to minutes to payments list and bank statement.
	Has VAT on payments been identified, recorded and reclaimed?	VAT accounted for in cashbook. Received from HMRC in April and January.
	Is s137 expenditure separately recorded and within statutory limits?	No. Line on excel budget sheet for S137, but on Scribe wreath purchase recorded under events.
	Have S137 payments been approved and included in the minutes as such?	No
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 – general risk assessment April 22. Cemetery RA also held. RA confirms an annual review of physical assets is undertaken.
	Is insurance cover appropriate and adequate?	Yes, policy seen

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	March 23 minutes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	December 21 for 22/23 budget
	Has the precept been calculated from the budget and been approved?	Minuted as £17191.00
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	1 st quarter reported in July 22 minutes.
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Recorded on Scribe and banked to match. Not all remittances available to view.
	Does the precept recorded agree to the Council Tax authority's notification?	Minuted as £17191.00 Remittance not available. Bank statements show £17191
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, contract seen
	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, expense claims checked
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, records seen, and BACS payments made to HMRC

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 2023 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?	Minuted May, July (also budget review, December and year end.
	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?	Bank account £27938.15 *see note AGAR £27938 *see note
	Has a year-end bank reconciliation been undertaken?	Yes from Scribe - £27938.15 *see note
	Is there an audit trail from underlying financial records to the accounts?	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?	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, included in minutes
	Electors' rights advertised on website?	Yes

Internal control	Test	Observations
	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
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	No burials in 22/23
	Have fees for the cemetery been reviewed and agreed by Council?	Fees on website dated 2019/20
	Have burial books been kept up to date and are they safely stored?	Held by Clerk
Allotments only	Has a list of allotment holders with amounts paid to Council been submitted?	Income recorded in minutes and on Scribe
	Have fees for the allotments been reviewed and agreed by Council?	No

Summary:

Thank you to Samantha 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:

1. During the year bank reconciliations were carried out in May, July, December and for year-end. Although four reconciliation is adequate in order to fulfil the requirement on the AGAR of “periodic reconciliations” it would be a good idea to do these quarterly (or even monthly).
2. From what I can see in the minutes only one quarterly budget monitoring report was brought to Council in the financial year, in July. So that Council are able to fully monitor their finances these should be carried out more regularly, again I would suggest quarterly as a minimum. In addition, a Councillor should also regularly check and sign the bank statement to ensure that they tally.
3. From the website it seems that your cemetery fees haven't been reviewed since 2019. If this is the case then a review is due this financial year.
4. Regarding your year-end balances. At the end of 22/23 you had two additional bank accounts of £0.11 and £30.00. The Clerk and current Councillors do not have access to these accounts currently and so there are no up to date statements available and no way of checking whether interest has been received during 22/23. I have signed the AGAR on the amounts as provided, but strongly recommend every effort is made to obtain access to these accounts before year end 23/24.
5. S137 is correctly used to make payments, for the wreath (as identified in your budget). However use of this power should be separately recorded within the minutes and accounts in future, as directed by NALC:
“-As Councillors are collectively expressing an opinion as to the commensurate local benefit, the expenditure under section 137 must be properly authorised by resolution.
-Pursuant to s.137 (7), a separate account must be kept of expenditure under the section. For many councils, all that is necessary is to have a separate column in the cash book. Steps need to be taken with computerised book-keeping to see that a total of the spend to date under this section is available on request”

Adding a S137 cost centre to Scribe would cover this requirement.

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

Sonya

Sonya Blythe
Internal auditor