Alby with Thwaite Parish Council

Internal Audit Report

Financial Year ~~2022-23~~ 2021-22

Prepared by W Murphy 27 May 2022

I have completed an internal audit of the accounts for Alby with Thwaite Parish Council for the year ending 31 March 2022. My findings are detailed below using the tests provided in the Governance and Accountability (England) 2021.

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

Internal control	Yes	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes Spreadsheet
	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 – Model standing orders & model Financial Regulations
	Date Standing Orders last reviewed. Is this based on the latest version of Standing Orders?	Reviewed 7 May 2020 showing amendment SO3.15. These need to be reviewed and updated with this amendment removed
	Date Financial Regulations last reviewed. Is this based on the latest version of Financial Regulations?	Please see note no review has been done since last internal audit and they are still showing as Draft
	Has a Responsible Financial Officer been appointed with specific duties?	Yes
	Have items or services above the de minimus amount been competitively purchased?	Yes
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes
	Is there effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments?	Yes
	Has VAT on payments been identified, recorded and reclaimed?	No
	If debit/credit cards are in use, what are the total monthly and individual transaction limits?	N/a

Internal control	Yes	Observations
	Is s137 expenditure separately recorded and within statutory limits?	No expenditure
	Have s137 payments been approved and included in the minutes as such?	No expenditure
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 but this is yet to be adopted and not on latest Agenda
	Are appropriate arrangements in place, for example, for monitoring play areas, open spaces and sports pitches?	Yes
	Is insurance cover appropriate and adequate for land, buildings, public, employers' and hirers' liability, fidelity/employee/councillors' liability, business interruption and cyber security?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the Council prepared an annual budget in support of its precept and has this been minuted at a Full Council meeting as being approved?	Yes – not fully approved see note
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the Council?	Yes
	Are there any significant unexplained variances from budget?	No
	Has the Council considered the establishment of specific earmarked reserves and reviewed them?	Yes

Internal control	Yes	Observations
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	Not Applicable
	Is petty cash expenditure reported to each Council meeting?	Not Applicable
	Is petty cash reimbursement carried out regularly?	Not Applicable
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes
	Do salaries paid agree with those approved by the Council?	Yes – see note
	Are salaries above the National Living Wage/Minimum Wage?	Yes – see note
	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
Asset controls	Does the Council maintain a register of all material assets owned or in its care?	Yes
	Is the assets register up to date? When was this last reviewed? Are additions and disposals in-year clear?	See Note
	Do asset insurance valuations agree with those in the asset register?	Yes
	Does the asset value to be reported in the AGAR (section 2, Box 9) equate to the prior year reported value, adjusted for the nominal value of any new acquisitions and/or disposals?	Yes
	Are all long-term investments (i.e. over 12 months) covered by an investment strategy?	Not applicable
	If a loan has been taken out, are repayments reported to the Council?	Not applicable

Internal control	Yes	Observations
	If the Council issued a loan to a local body, are there signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt?	Not applicable
Bank reconciliation	Is there a bank reconciliation for each account and is this regularly reported to Council?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Not applicable
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 cashbook?	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?	Not applicable
	Have points raised on the last Internal Audit report been considered by Council and actioned?	No – See note
	Has the Council demonstrated that during the previous financial year it correctly provided for the exercise of public rights, as required by the Accounts and Audit Regulations? [Full publication requirements are detailed on page 1 of the AGAR.]	Yes
Exemption from external audit: Only for smaller councils with receipts and payments each	If the Council certified itself as exempt in the prior year, did it meet the exemption criteria and declare itself exempt? *[Confirm that the certificate was prepared and minuted by the Council within the statutory submission deadline.*	Yes

Internal control	Yes	Observations
totalling less than £25,000	*Confirm that the required information was published on the Council's website.]*	
Adherence to the Transparency Code: Only for smaller councils with receipts and payments each totalling less than £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?	Not applicable
	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?	Not Applicable
	Have fees for the cemetery been reviewed and agreed by Council?	Not Applicable
	Were comparisons made with other cemeteries prior to setting the fees?	Not Applicable
	Have burial books been kept up to date and are they safely stored?	Not Applicable
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	Not Applicable
	Have fees for the allotments been reviewed and agreed by Council?	Not Applicable
Hall/room hire only	Is there an effective diary system for bookings in place identifying the hirer, hire times, and ideally cross-referenced to invoices raised?	Not Applicable

Internal control	Yes	Observations
Leases and other income streams	Are leases reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time? Is there an audit trail from invoicing to receipt of income/chasing of debtors?	Not applicable
Councils with charities only	Have Charities reported and accounted separately?	Not applicable
	Have the Charity accounts been independently audited?	Not applicable
	Have the Charity accounts and Annual Return been filed within the legal time limit?	Not applicable
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council carried out an information audit?	No
	Has the Council put in place a privacy notice and policy?	No
Website accessibility (relates to the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018	It is a legal requirement for councils to publish a website accessibility statement on its website. Has the Council published this statement?	No
	Has the Council updated and reviewed its statement [must be reviewed annually]?	No

Summary of my recommendations

This is my first Audit and it appears that the previous audit 2020/2021 was not adopted by the Parish Council. I have carried over the Auditors' comments onto this Audit and it must be considered by the Council and approved at the next meeting.

Standing Orders need to be reviewed as they still show that meetings can be held virtually

Financial regulations were presented to the council but have not been approved. They are still in Draft form. I understand there may be a view that they are not needed. This is incorrect. Unless Financial Regulations, fit for purpose, are in place and approved by council a positive response to assertion 2 on the Annual Governance Statement is not warranted and the 'NO' column on the AGAR should be ticked. Financial regulations should be reviewed annually by the Parish Council and the review minuted.

Vat needs to be logged separately and claimed back

A Risk policy has been presented to the Parish Council but this is yet to be adopted. This needs to be done as a matter of urgency

An asset list has been prepared – this should be dated and the date of the last review should be endorsed on the list. Reviews should be carried out annually and noted in minutes of the appropriate PC meeting.

The Precept was approved at the council meeting but the budget needs to be minuted and approved.

It appears that it is regularly on the agenda to review the Clerks Salary and no decision is made. The Council need to look at this as soon as possible and pay accordingly. The minimum wage is now £9.50 per hour

The Council must put in place a General Data Protection Regulation policy. It is also a legal requirement for council to publish a website accessibility statement on its website. This has not been done and needs to be looked at as a matter of urgency