**Alby with Thwaite Parish Council**

Internal Audit Report

For Alby with Thwaite Parish Council

Financial Year 2020/21

Including Explanatory Notes for Annual Governance and Accountability Return

(where a ‘no’ has been marked on page 4)

Prepared by M Bergin, 17 June 2021

I have completed an internal audit of the accounts for Alby with Thwaite Parish Council for the year ending 31 March 2021.

My findings are detailed below using the tests provided in the **Governance and Accountability Practitioners Guide March 2020.**

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

| **Internal control** | **Test** | **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 | Reviewed 7 May 2020 – review due May 2023. |
| Date Financial Regulations last reviewed | Updated 9 Sept 20 – see note. |
| Has a Responsible finance 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 |
| Has VAT on payments been identified, recorded and reclaimed? | Yes |
| 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? | No – see notes. |
| Is insurance cover appropriate and adequate? | 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 as being approved? | Yes – prepared but not approved – see notes. |
| Has the precept been calculated from the budget and been approved? | Yes – 13 Jan 2021 minute 8. |
| 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 |
| 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? | 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 |
| Are salaries above the National Living Wage/Minimum Wage? | 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 |
| Asset controls | Does the council maintain a register of all material assets owned or in its care? | Yes but see note |
| Are the assets and Investments registers up to date? When were these last reviewed? | Yes – but see notes. |
| 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 |
| 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 on 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 – including data protection regulation. | Is eligibility for the General Power of Competence properly evidenced? | Not applicable |
| Has the council adopted a data protection policy? | Not applicable |
| Has the council appointed a data protection officer? | Not applicable |
| Has the council carried out an information audit? | Not applicable |
| Have points raised on the last Internal Audit report been considered by council and actioned? | No |
| 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? | Not applicable |
| Last financial year’s Annual Return 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 | 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 |
| 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 |

**Summary of my recommendations:**

**This audit was carried out online and via emails during the Covid 19 pandemic and there was no face to face visit. In addition to the website documents provided included page 4 of AGAR (internal audit report) for completion.**

**Financial regulations were updated by the clerk and presented to council on 9 September 2020 (minute 9) but were not approved. 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.**

**There is no evidence of any risk assessment. This should be done as soon as possible and the finished assessment placed on the website. The comments in the notes at the internal audit carried out last year still apply.**

**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.**

**As many of the items presented to council as part of the annual budget were not approved and decisions deferred, the budget was, in my view, not approved. This situation should be rectified at the next Parish Council meeting.**

M Bergin 17 June 2021

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Signed Date