

Rollesby 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 Rollesby 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?	Minutes do not record regular updates
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	Yes – March 2023, per minutes – public contract amounts need updating
	Date Financial Regulations last reviewed	Yes, March 2023 per 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 – record from invoice – cashbook – minutes – bank statement tally
	Has VAT on payments been identified, recorded and reclaimed?	Submission made to 31 March 2023 in April. Payment from HMRC received June 2022 for previous year (Lloyds)
	Is s137 expenditure separately recorded and within statutory limits?	GPoC in place for ongoing projects S137 column on 23/24 budget
Have S137 payments been approved and included in the minutes as such?	N/A	
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?	General risk assessment- July 22 Financial risk assessment March 23

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Asset checks - Last section of Risk Assessment reads: "Risk assessment of Parish Council assets and liabilities carried out - see attached". No attachment but assume completed as stated. Amounts seem adequate
	Are internal financial controls documented and regularly reviewed?	Yes – last checked by Council March 23
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes, Nov 21 minutes for 22/23- Precept minuted as £10,000. Concurrent Functions minuted to stay same (£3400 per budget document)
	Has the precept been calculated from the budget and been approved?	Yes, budget document online
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Balance and reconciliation recorded in March 23 minutes. Regular updates and spend against budget not minuted.
	Are there any significant unexplained variances from budget?	No spend against budget document
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	GYBC remittance £13741 Precept £10,000 Concurrent functions £3400 £341 Council tax support grant (per precept request form)
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

Internal control	Test	Observations
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Previous Clerk – no Current Clerk – yes, NALC contract in place
	Do salaries paid agree with those approved by the council?	Yes, payslips agree with minutes
Asset controls	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes, expenses seen
	Have PAYE/NIC been properly operated by the council as an employer?	Pension and NIC records seen. BACS payments made to HMRC
	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?	Agreed by Council March 23
	Do asset insurance valuations agree with those in the asset register?	Individual assets not listed in schedule, but overall amounts seems adequate
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?	No records in minutes until March 23 (other than year-end accounts July 22)
	Are there any unexplained balancing entries in any reconciliation?	Not unexplained
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?	Unity statement 7443.27 Lloyds statement £2937.23 = £10380.50 Cashbook £10380.50
	Has a year-end bank reconciliation been undertaken?	Yes £10380.50

Internal control	Test	Observations
Procedural	Is there an audit trail from underlying financial records to the accounts?	Yes – record from invoice – cashbook – minutes – bank statement tally
	Is eligibility for the General Power of Competence properly evidenced?	Yes – Oct 19 minutes
	Have points raised on the last Internal Audit report been considered by council and actioned?	Minor corrections to spreadsheet calculations made. £50 payment to Citizen Advice missed from payments. Yes – added to 22/23 cashbook.
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, payments listed in minutes
	Electors' rights advertised on website?	No – dates in June minutes but were added late to website
	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 asset list including land uploaded
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	Names included in cashbook, receipts tab
	Have fees for the allotments been reviewed and agreed by Council?	Yes – October 22 minutes

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.

- 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
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

Recommendations / items to note:

1. The 2020 updates to contract amounts in your Standing Orders have not been made. I recommend these are updated when you next review the Standing Orders.
2. Council do not seem to have received regular bank reconciliations or spend against budget reports. Without these it is difficult for Councillors to monitor the accounts. These reports should be added to your agendas as a regular occurrence. In addition a designated Councillor should check the bank statements regularly to ensure they tally with the reports. Without this regular monitoring I am unable to tick Box I of the Internal Audit report.
3. I understand that although the dates of Elector Rights were recorded in the minutes, they were not advertised on the website within the required time period. I am therefore unable to tick Box M.

Kind regards

Sonya

Sonya Blythe
Internal auditor