

Trowse Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
3 June 2023

I have completed an internal audit of the accounts for Trowse 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	September 22, per minutes
	Date Financial Regulations last reviewed	March 23, 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, invoices for all purchases, reported on Scribe, attached to minutes, and matched on bank accounts.
	Has VAT on payments been identified, recorded and reclaimed?	Yes – VAT accounted for on Scribe accounts. Last reclaim made February and received from HMRC in March.
	Is S137 expenditure separately recorded and within statutory limits?	Not used
Risk management arrangements	Have S137 payments been approved and included in the minutes as such?	Not used
	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?	Financial risk assessment carried out March 23. Policy confirms asset checks are also carried out.
	Is insurance cover appropriate and adequate?	Yes, Zurich policy seen
	Are internal financial controls documented and regularly reviewed?	Yes – November 22 minutes

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?	Feb 22 meeting for 22/23 budget year
	Has the precept been calculated from the budget and been approved?	Yes, minuted on 14 February 23 as £47500
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Reported to Finance Committee, report seen
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes – income sheet checked against bank statements
	Does the precept recorded agree to the Council Tax authority's notification?	Cashbook: £47500 Remittance: £47500
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 seen
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, HMRC deductions on payslips and payments made online to HMRC
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes

Internal control	Test	Observations
	Are the assets and Investments registers up to date? When were these last reviewed?	21/22 and 22/23 version on website. Insurance valuation columns updated from last years audit.
	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 – reported at each Finance Committee, with minutes received at Council
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	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, I&E
	Do accounts agree with the cash book?	Yes: AGAR £123630.20 Bank £123630.20
	Has a year-end bank reconciliation been undertaken?	Yes £123630.20
	Is there an audit trail from underlying financial records to the accounts?	Yes, invoices matched to Scribe and 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?	Internal audit recommendations become a standing item until all have been completed. Yes, and action plan published. All Committee meeting minutes need to be published on your website. Yes. Produce a cashbook and regularly present it to Council or Finance Committee, at least quarterly. Yes – Scribe reports. Monthly reconciliations for bank accounts used for regular expenditure to be received by Council or Finance Committee. Yes.

Internal control	Test	Observations
		<p>Council should be provided with spend against budget updates at each meeting. Report received – not recorded in minutes.</p> <p>Adopt the updated NALC Standing orders. Yes</p> <p>Create a specific Internal Controls document. Yes.</p> <p>Add payments to your meeting minutes and website from 1 April 2022. Yes.</p> <p>The risk assessment should be updated and then continue to be reviewed at least annually. Yes.</p> <p>A contract must be issued for the Clerk. Yes.</p> <p>Review your asset list to check that it is accurate and matches insurance. Yes.</p> <p>Identify and record all earmarked reserves. These should be updated by Council at least annually in future. EMR plan agreed March 23. To be taken forward in 23/24.</p> <p>Update your asset list and publish on your website to fulfill transparency requirements. Yes.</p> <p>Find and secure the burial records urgently. Yes.</p> <p>Upload your burial fees to the website for transparency. Yes.</p> <p>Ensure that allotment fees are reviewed annually. Yes.</p>
Transparency: For smaller councils with turnover under £25,000	<p>Minutes for whole year on website?</p> <p>Agendas for whole year on website?</p>	<p>Yes – all Committees and full Council</p> <p>Yes</p>

Internal control	Test	Observations
	Payments over £100 detailed on website?	Yes – payments all with Finance papers
	Electors' rights advertised on website?	Yes – dates outside required period though
	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?	Yes
	Have fees for the cemetery been reviewed and agreed by Council?	22-23 dates on website, with 2022 new management plan
	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?	Yes – allotment income with holders names on Scribe report
	Have fees for the allotments been reviewed and agreed by Council?	Yes – September minutes

Summary:

Thank you to Kate 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 and is accounted for within financial records

- I have verified that your insurance is adequate

- I confirm that your payroll management meets requirements
- I have reviewed your budget setting process and noted that you provide Council with regular spend against budget information
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

Recommendations / items to note:

1. I received the Spend against Budget report that Council / Finance Committee receive. I can't see this item recorded within the minutes on a regular basis – it would be a good idea to add this in to your minutes along with checking the bank reconciliation, just so that the external auditor is aware that Council has oversight of all aspects of the accounts.
2. Unfortunately I have had to (unwillingly to be frank) answer No to Box M, correctly providing for the exercise of public rights. Despite the fact you asked the external auditors for an extension, it seems that does not alter the dates of the public rights, which should include the first ten days of July. By default, even with an extension agreed, that control was not met I'm afraid.

I'm so pleased to see how far the Council has progressed since last year!

Sonya Blythe
Internal auditor