

# **Ashwellthorp and Fundenhall Parish Council**

Internal Audit Report  
Financial Year 2022/23

Prepared by Sonya Blythe  
23 April 2023

I have completed an internal audit of the accounts for Ashwellthorp and Fundenhall 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?	Income and expenditure spreadsheets up to date. Could benefit from a spend against budget sheet also.
	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	June 2022 (2021 version on website)
	Date Financial Regulations last reviewed	June 2022 (2019 version on website)
	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 through minutes, to expenditure spreadsheet to bank statement.
	Has VAT on payments been identified, recorded and reclaimed?	Yes – payments received in June, August and January
	Is s137 expenditure separately recorded and within statutory limits?	Yes- column on spreadsheet, used for wreath
Have S137 payments been approved and included in the minutes as such?	Yes- October minutes	
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?	Financial Risk assessment in folder dated July 2022 – minutes state “all policies updated”
	Is insurance cover appropriate and adequate?	Yes for 22/23. Play equipment bought March 23 – ensure this is added on once installed

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	Checked by Councillor Leggett January 2023
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – January 2022 for 22/23 budget
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	Yes
Income controls	Is actual expenditure against budget regularly reported to the council?	Financial position reported each meeting. Unclear if this includes a spend against budget document
	Are there any significant unexplained variances from budget?	No
	Is income properly recorded and promptly banked?	Yes – all income on spreadsheet and bank account tally
	Does the precept recorded agree to the Council Tax authority's notification?	Minutes £10205 Remittance from SNDC £10205
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, payslips seen National pay award received November 22, backdated to April
	Are salaries above the National Living Wage/Minimum Wage?	Yes

Internal control	Test	Observations
	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, tax an NI accounted for on payslips. Payments made by BACS
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 – updated to end March 23.
	Do asset insurance valuations agree with those in the asset register?	Yes- but asset list would benefit from a replacement costs column which is updated annually for insurance
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes – current position and balances reported to Council each meeting
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes – each meeting
	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?	Yes, £6397.06 on year-end reconciliations and in bank accounts
	Has a year-end bank reconciliation been undertaken?	Yes, agrees with above
	Is there an audit trail from underlying financial records to the accounts?	Yes – invoice payments on expenditure spreadsheet and tally with 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?	- S137 should be clearly recorded – yes, separate column in budget. -Carry out a formal, physical check of all your assets annually and record the condition of each asset within the minutes. No

Internal control	Test	Observations
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?	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)	2021 asset list, including land on Wymondham Road uploaded. Additional land will be adopted in forthcoming year.

### Summary:

Thank you to Alan 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 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:

- Your July 22 minutes note that "all policies were updated" – for audit purposes it would be helpful if you could state the names of all the policies that you are confirming.

- I recommended last year that an annual formal, physical check of all your assets be undertaken and minuted and I can't see from the minutes that this has been done. I would highly recommend this activity in undertaken by a Councillor each year. If, for example, your notice board fell on someone, your insurance company would want to know when it was last checked. With regard to your new play area equipment, you will be aware that regular checks will need to be made, as well as the annual one by an external company.
- Your Financial Regulations state:  
"4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by: • the council for all items over £5,000; • a duly delegated committee of the council for items over £500; or • the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500".  
Purchase of the play equipment should have been a full Council decision, advertised in advance on an agenda and taken in public. I understand the decision was taken by email. Please ensure that all financial decisions, especially ones over £5000, are taken in public.
- If you are to be responsible for the play equipment going forward you may want to consider increasing your budget and setting up an earmarked fund for repair / replacement. Play equipment is extremely taxing on a budget, I speak from experience!

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