

Ashwelthorpe & Fundenhall Parish Council

Internal Audit Report
Financial Year 2021/22

Prepared by Sonya Blythe
16 April 2022

I have completed an internal audit of the accounts for Ashwellthorpe & Fundenhall Parish Council for the year ending 2022.

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 – spreadsheets provided.
	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- available on website
	Date Standing Orders last reviewed	May 2021
	Date Financial Regulations last reviewed	March 21
	Has a Responsible finance officer been appointed with specific duties?	Yes – Parish Clerk
	Have items or services above the de minimus amount been competitively purchased?	N/A – all below level
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – audit trail between invoices, spreadsheet and minutes.
	Has VAT on payments been identified, recorded and reclaimed?	Yes – last payment from HMRC March 2022
	Is s137 expenditure separately recorded and within statutory limits?	Yes- line in accounts. Grants given to two churches
	Have S137 payments been approved and included in the minutes as such?	Not specifically detailed in minutes as being S137 payments
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No – invoices available for all payments
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Financial risk assessment March 2021 Not clear from minutes whether there has been a physical, recorded check of actual assets.

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes – policy supplied
	Are internal financial controls documented and regularly reviewed?	Internal controls available on website dated February 2021 – a review was due February 2022 but as long as there have been no changes to how finances are managed these are still adequate
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes, budget supplied
	Has the precept been calculated from the budget and been approved?	Yes- January 2022 minutes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Bank account totals reported monthly, but it's not clear from the minutes whether a budget monitoring document is also circulated
	Are there any significant unexplained variances from budget?	No – actual spend in line with budget figures
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?	Internal controls checked annually
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?	Contract supplied for previous Clerk. Current Clerk awaiting his – noted in March minutes.
	Do salaries paid agree with those approved by the council?	Yes

Internal control	Test	Observations
	Are salaries above the National Living Wage/Minimum Wage?	Tina's contract doesn't say whether her 16 hours were weekly or monthly, which should be made clear in the new Clerk's contract. Presuming that is monthly, then yes, this is above living wage.
	Are other payments to employees reasonable and approved by the council?	Receipts provided for all expenses
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – payroll reports with invoices.
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes- published on website
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes – reviewed for 20/21 audit
	Do asset insurance valuations agree with those in the asset register?	Insurance schedule supplied – amounts within sufficient
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes – reported in June 21 minutes as part of year-end.
	Is a bank reconciliation carried out regularly and in a timely fashion?	Bank account totals reported to Council at each meeting. Unclear whether a reconciliation document is also provided other than at year-end.
	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)?	Income & Expenditure correctly completed
	Do accounts agree with the cash book?	Yes
	Has a year-end bank reconciliation been undertaken?	Reconciliation for 21/22 accounts provided with Audit paperwork
	Is there an audit trail from underlying financial records to the accounts?	Yes – invoices for all payments, and payments recorded in minutes.
	Where appropriate, have debtors and creditors been properly recorded?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A

Internal control	Test	Observations
	Have points raised on the last Internal Audit report been considered by council and actioned?	None raised
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?	All payments included within minutes
	Electors' rights advertised on website?	Yes – 21 June – 30 July
	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 published

Summary of my recommendations:

Thank you to Alan for providing all of the documentation to carry out the audit.

I have checked through your account book and confirmed it against income and expenditure receipts, as well as against payments per your minutes. I have noted that your VAT has been claimed within the past year. I have verified that your insurance is adequate and that your payroll meets all requirements.

Your reporting meets Transparency Code requirements.

All in all I have no concerns to raise and as such have signed the internal audit section of the AGAR.

Notes that don't affect the outcome of the AGAR:

- S137 payments (your churchyard grants) should be clearly recorded within the minutes as S137, to ensure full transparency when using this power.
- You may wish to carry out a formal, physical check of all your assets annually and record the condition of each asset within the minutes, so if there was ever an incident your insurance company would know when they were last checked.
- There are a couple of small discrepancies between your EON invoices and the amount o in the minutes, as I think the EON payment was just copied over from month to month on occasion.

Sonya Blythe
Internal auditor