

Newton Flotman Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
25 April 2023

I have completed an internal audit of the accounts for Newton Flotman 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?	Monthly
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	May 2022
	Date Financial Regulations last reviewed	September 2022
	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 recorded in minutes and on cashbook, all track into ban account
	Has VAT on payments been identified, recorded and reclaimed?	VAT payment received May 22. 22-23 VAT accounted for in accounts.
	Is s137 expenditure separately recorded and within statutory limits?	No column / power not used
	Have S137 payments been approved and included in the minutes as such?	Power not used
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?	Yes – July minutes Annual asset check carried out summer 22 and outcomes included in minutes
	Is insurance cover appropriate and adequate?	Yes, policy seen
	Are internal financial controls documented and regularly reviewed?	Policy – July 21

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?	Yes, minuted January 2022 for 22/23 budget year
	Has the precept been calculated from the budget and been approved?	Yes, minutes as £23,418
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes, quarterly accounts document circulated
	Are there any significant unexplained variances from budget?	Youth Club over by £3k, but invoices for overspend present
Income controls	Is income properly recorded and promptly banked?	Yes – most payment received by BACS
	Does the precept recorded agree to the Council Tax authority's notification?	£23418 on minutes £23418 received from SNC
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
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes, expense claims viewed
	Have PAYE/NIC been properly operated by the council as an employer?	Accounted for on payslips and regular payments made 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?	Yes, August 22
	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
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, accounts and bank reconciliation both £9673.20
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes- all payments recorded in cashbook, minutes and identified in 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?	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?	Yes – minutes and payment documents
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	Yes

Internal control	Test	Observations
Allotments only only	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Yes – listed with May 22 meeting papers and under financial documents
	Has a list of allotment holders with amounts paid to Council been submitted?	Income payments included in finance reports
	Have fees for the allotments been reviewed and agreed by Council?	Yes – reviewed in July minutes

Summary:

Thank you to Maria 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:

None.

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

Sonya

Sonya Blythe
Internal auditor