

Reedham Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
27 April 2023

I have completed an internal audit of the accounts for Reedham 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	June 2022, per minutes
	Date Financial Regulations last reviewed	June 2022, 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 recorded in cashbook and minutes, and tally with amounts on bank account
	Has VAT on payments been identified, recorded and reclaimed?	VAT accounted for in accounts. Claim submitted for year on 31 March 23.
	Is s137 expenditure separately recorded and within statutory limits?	Yes, separate column in accounts book
	Have S137 payments been approved and included in the minutes as such?	S137 identified in cashbook report attached to end of 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?	Yes, June 22 minutes. Monthly play equipment checks minuted. Tree inspection carried out December.
	Is insurance cover appropriate and adequate?	Yes, policy seen

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	Yes – last updated June 22
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes, budget set December 21 for 22/23 accounts
	Has the precept been calculated from the budget and been approved?	Yes, minuted as £21,668.00.
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes, report attached to minutes monthly
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes – majority of payments received by BACS
	Does the precept recorded agree to the Council Tax authority's notification?	Minutes £21668 BDC remittance £21668
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, seen previous year
	Do salaries paid agree with those approved by the council?	Yes, bank checked against minutes
	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 Backdated April 22 salary paid December
	Have PAYE/NIC been properly operated by the council as an employer?	HMRC accounted for on payslips, regular BACS payments made to HMRC

Internal control	Test	Observations
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, June 22 minutes
	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, monthly
	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, cashbook £34993.82 (inc. £66 uncleared cheques) Bank accounts £34993.82
	Has a year-end bank reconciliation been undertaken?	Yes, £3493.82
	Is there an audit trail from underlying financial records to the accounts?	Yes – records match bank accounts
Procedural Transparency: For smaller councils with turnover under £25,000	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
	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes (minutes and with agenda)
	Electors' rights advertised on website?	Yes

Internal control	Test	Observations
	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
Allotments only	Has a list of allotment holders with amounts paid to Council been submitted?	Included in monthly accounts updates
	Have fees for the allotments been reviewed and agreed by Council?	No

Summary:

Thank you to Claudia 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.

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

Sonya Blythe
Internal auditor

