

Coltishall Parish Council

Internal Audit Report

Financial Year 2022-23

Prepared by Luisa Cantera, May 2023

I have completed an internal audit of the accounts for Coltishall Parish Council for the year ending 31 March 2023. My findings are detailed below using the tests provided in the Governance and Accountability (England) 2022.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes. I have carried out a sample of financial transactions in the cashbook and reviewed corresponding bank statements
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes - it is balanced quarterly. The Clerk updates the cashbook every month
	If bank balances are in excess of £100,000 is there an appropriate investment strategy?	N/A
Standing Orders, Financial Regulations and payment controls	Has the Council formally adopted Standing Orders and Financial Regulations?	Yes - both documents available to read on the Council's website
	Date Standing Orders last reviewed. Is this based on the latest version of Standing Orders?	Last reviewed 12 July 2021. Next review due July 2023
	Date Financial Regulations last reviewed. Is this based on the latest version of Financial Regulations?	Last reviewed 1 November 2022. Next review due November 2023
	Has a Responsible Financial Officer been appointed with specific duties?	Yes. Current clerk joined the Council in late July 2022 and the employment contract was provided as part of internal audit checks
	Have items or services above the de minimus amount been competitively purchased?	Yes, there are examples in the minutes that multiple quotations have been sought
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes
	Is there effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments?	Yes - The Council makes payments online with two authorised people involved in the set-up and release
	Has VAT on payments been identified, recorded and reclaimed?	VAT claims up to end of February 2023 have been reclaimed and received in year
	If debit/credit cards are in use, what are the total monthly and individual transaction limits? Are there appropriate controls over physical security and usage of the cards?	No debit/credit cards in use. Clerk sometimes pays for items and reclaims. Councillors should check that she is comfortable doing this

Internal control	Test	Observations
	Is s137 expenditure separately recorded and within statutory limits?	Yes
	Have s137 payments been approved and included in the minutes as such?	S137 is recorded in the cashbook but not in the minutes. See recommendation section regarding recording in the 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?	The risk management policy was reviewed on 1 November 2022 and is available to read on the website
	Are appropriate arrangements in place, for example, for monitoring play areas, open spaces and sports pitches?	From January 2023 the Clerk has been inspecting the play area weekly. The Clerk records inspections on a paper form and retains reports for future reference/repairs
	Is insurance cover appropriate and adequate for land, buildings, public, employers' and hirers' liability, fidelity/ employee/councillors' liability, business interruption and cyber security?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the Council prepared an annual budget in support of its precept and has this been minuted at a Full Council meeting as being approved?	Yes - The budget was approved on 2 November 2021 by the full council.
	Has the precept been calculated from the budget and been approved?	Yes - agreed at the meeting when budget was discussed. Precept increased from £35,057 to £46,844
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the Council?	Yes
	Are there any significant unexplained variances from budget?	No
	Has the Council considered the establishment of specific earmarked reserves and reviewed them?	Reserves are detailed in the approved budget which is available for the public to read on the website. CIL has been spent in 2022-23
Income controls	Is income properly recorded and promptly banked?	Yes

Internal control	Test	Observations
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash in operation
	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 - employment contract provided for internal audit
	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? e.g. pensions and allowances	Yes. See recommendation regarding working from home allowance
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes
Asset controls	Does the Council maintain a register of all material assets owned or in its care?	Yes
	Is the assets register up to date? When was this last reviewed? Are additions and disposals in-year clear?	Yes - up to date to March 2023
	Do asset insurance valuations agree with those in the asset register?	Yes
	Does the asset value to be reported in the AGAR (section 2, Line 9) equate to the prior year reported value, adjusted for the nominal value of any new acquisitions and/or disposals?	Yes
	Are all long-term investments (i.e. over 12 months) covered by an investment strategy?	N/A
	If a loan has been taken out, are repayments reported to the Council?	N/A
	If the Council issued a loan to a local body, are there signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt?	N/A
Bank reconciliation	Is there a bank reconciliation for each account and is this regularly reported to Council?	The bank reconciliation is completed quarterly and includes all bank accounts
	Are there any unexplained balancing entries in any reconciliation?	No

Internal control	Test	Observations
	Is the value of investments held summarised on the reconciliation?	Yes
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes - receipts and payments basis
	Do accounts agree with the cashbook?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	N/A - there are not any
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A - the Council does not use the General Power of Competence
	Have points raised on the last Internal Audit report been considered by Council and actioned?	Considered at 29 July 2022 meeting. All recommendations achieved - well done!
	Has the Council demonstrated that during the previous financial year it correctly provided for the exercise of public rights, as required by the Accounts and Audit Regulations? [Full publication requirements are detailed on page 1 of the AGAR.]	The date of the announcement should be a working day before the commencement date, therefore the commencement date should have been 2 August and end date 30 working days later
Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	Yes - a clear spreadsheet showing all allotments and how rents were paid was provided for internal audit
	Have fees for the allotments been reviewed and agreed by Council?	Yes - reviewed each April
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council carried out an information audit?	The Council has a records management policy. Much of this overlaps with an information audit (required for data protection). Make sure this is reviewed annually
	Has the Council put in place a privacy notice and policy?	Policy last reviewed in November 2022
Website accessibility (relates to the Public Sector Equality Duty)	It is a legal requirement for councils to publish a website accessibility statement on its website. Has the Council published this statement?	Yes - easy to find on website footer

Internal control	Test	Observations
Bodies (websites and Mobile Applications) Accessibility Regulations 2018	Has the Council updated and reviewed its statement [must be reviewed annually]?	Yes - last reviewed September 2022 and next review is due in September 2023

Summary of my recommendations

Bank signatories - The Council has two signatories who are involved with release of payments along with the Clerk/RFO who sets up the payments for online banking. Recommend considering whether a third signatory would be useful to have when one of the signatories is unavailable.

Passwords - Ensure that passwords that the Clerk uses are shared with a trusted councillor. Check risk assessment for details.

Working from home allowance - Almost all clerks receive a working from home allowance to compensate them for using their own electricity, water and heat. Recommend a discussion about a suitable allowance for the Clerk.

S137 - It is good practice to record such payments in the minutes, such as in the payments list approved. They are already being recorded in the cashbook, which is good practice.

I would like to thank Becky, the Clerk/RFO, for providing me with all the information required for the Internal Audit in such an organised manner and for replying to my many questions so promptly. I was also impressed with the minutes (reading the year's minutes is the first task I start with) and they were easy to follow and very well written.

L Cantera