

Elsing Parish Council

Internal Audit Report

Financial Year 2022/23

Prepared by Clare Morton
12 May 2023

I have completed an internal audit of the accounts for Elsing 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, totals bank accounts
	Is the cashbook regularly balanced?	Accounts updates given at each meeting
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	May 2021
	Date Financial Regulations last reviewed	Sept 2012 – new set available but not yet approved.
	Has a Responsible finance officer been appointed with specific duties?	Yes – Parish Clerk is RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – all payments have accompanying invoice and are minutes
	Has VAT on payments been identified, recorded and reclaimed?	Yes – last claim Mar 23
	Is s137 expenditure separately recorded and within statutory limits?	Council is eligible for GPOC
	Have S137 payments been approved and included in the minutes as such?	Council is eligible for GPOC

<p>Risk management arrangements</p>	<p>Does a review of the minutes identify any unusual financial activity?</p> <p>Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Are internal financial controls documented and regularly reviewed?</p>	<p>No</p> <p>Risk Register present. No record of annual review.</p> <p>Yes – copy of policy and schedule provided</p> <p>Yes – policy dated Mar 23</p>
<p>Budgetary controls</p>	<p>Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?</p> <p>Has the precept been calculated from the budget and been approved?</p> <p>Does the budget include an actual completed year?</p> <p>Is actual expenditure against budget regularly reported to the council?</p> <p>Are there any significant unexplained variances from budget?</p>	<p>Yes- November minutes indicates budget circulated.</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>No</p>
<p>Income controls</p>	<p>Is income properly recorded and promptly banked?</p> <p>Does the precept recorded agree to the Council Tax authority's notification?</p> <p>Are security controls over cash and nearcash adequate and effective?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>

<p>Petty cash procedures</p>	<p>Is all petty cash spent recorded and supported by VAT invoices/receipts?</p> <p>Is petty cash expenditure reported to each council meeting?</p> <p>Is petty cash reimbursement carried out regularly?</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>
<p>Payroll controls</p>	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Do salaries paid agree with those approved by the council?</p> <p>Are salaries above the National Living Wage/Minimum Wage?</p> <p>Are other payments to employees reasonable and approved by the council?</p> <p>Have PAYE/NIC been properly operated by the council as an employer?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes – expense invoices seen</p> <p>Yes – payslips provided</p>
<p>Asset controls</p>	<p>Does the council maintain a register of all material assets owned or in its care?</p> <p>Are the assets and Investments registers up to date? When were these last reviewed?</p> <p>Do asset insurance valuations agree with those in the asset register?</p>	<p>Yes</p> <p>Updated March 2022</p> <p>Not known</p>
<p>Bank reconciliation</p>	<p>Is there a bank reconciliation for each account and is this reported to council?</p> <p>Is a bank reconciliation carried out regularly and in a timely fashion?</p> <p>Are there any unexplained balancing entries in any reconciliation?</p>	<p>Yes</p> <p>Yes</p> <p>No</p>

Year-end procedures	<p>Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?</p> <p>Do accounts agree with the cash book?</p> <p>Has a year-end bank reconciliation been undertaken?</p> <p>Is there an audit trail from underlying financial records to the accounts?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes – invoices all present and included in expenditure spreadsheet</p>
Procedural	<p>Is eligibility for the General Power of Competence properly evidenced?</p> <p>Have points raised on the last Internal Audit report been considered by council and actioned?</p>	<p>Not known.</p> <p>Yes</p>
Transparency: For smaller councils with turnover under £25,000	<p>Minutes for whole year on website?</p> <p>Agendas for whole year on website?</p> <p>Payments over £100 detailed on website?</p> <p>Electors' rights advertised on website?</p> <p>Councillors' responsibilities detailed on website?</p> <p>Last financial year's AGAR on website?</p> <p>Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Asset register has no link attached to it.</p>

Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	Not reviewed
	Have fees for the allotments been reviewed and agreed by Council?	Not reviewed

Summary of my recommendations:

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 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.

Clare Morton
Internal auditor