

Wacton Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
11 April 2023

I have completed an internal audit of the accounts for Wacton 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?	Yes - 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 22, per minutes
	Date Financial Regulations last reviewed	June 22, 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 – all payments have accompanying paperwork and included within minutes
	Has VAT on payments been identified, recorded and reclaimed?	Yes – several claims made and received throughout the year. Recorded in minutes.
	Is s137 expenditure separately recorded and within statutory limits?	Yes – separate column in cashbook
Risk management arrangements	Have S137 payments been approved and included in the minutes as such?	Yes- one S137 payment in 22/23, recorded in September minutes
	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 – included on May agenda though minutes not clear as Clerk was away. Asset / play equipment checks – Clerk has confirmed these are undertaken monthly.
	Is insurance cover appropriate and adequate?	Play areas valued at £67,700.00 on asset register, insured for

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	£29k. Remainder of policy adequate. Yes – last reviewed March 23, per Council minutes.
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – approved January 2022.
	Has the precept been calculated from the budget and been approved?	Yes – precept setting included as part of budget spreadsheet
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes – financial report supplied to Council monthly
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes
Petty cash procedures	Does the precept recorded agree to the Council Tax authority's notification?	Minutes January 22- £18,567.00 Received on spreadsheet £18,567.00 Received in bank accounts from SNC £18567
	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 supplied
	Do salaries paid agree with those approved by the council?	Yes – payslips and pension report seen and agree with minutes and bank statements
	Are salaries above the National Living Wage/Minimum Wage?	Yes

Internal control	Test	Observations
	Are other payments to employees reasonable and approved by the council?	Yes- expense reports supplied
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – payslips seen, payments made online to HMRC
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes – spreadsheet seen
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes – reviewed as part of cashbook
	Do asset insurance valuations agree with those in the asset register?	Play areas valued at £67,700.00 on asset register, insured for £29k. Other than that adequate.
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Reconciliation provided each meeting
	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?	£15248.17 – Bank statement £15248.17 – cashbook £15248.17 - Reconciliation
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes – invoice – minutes – bank statements all tally.
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?	Yes – Standing Orders updated
Transparency: For smaller councils	Minutes for whole year on website?	Yes

Internal control	Test	Observations
with turnover under £25,000	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes- payments in published minutes
	Electors' rights advertised on website?	Yes
	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)	No land owned

Summary:

Thank you to Alan 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:

- Insurance valuation – on your insurance valuation your play equipment is valued at £29,000. On your asset register you have costed it as £67,700.00. This might be worth reviewing.
- Your new website isn't currently visible to parishioners. I understand from Alan that this will be signed off in May, and in the meantime all documents are being added to parish noticeboards. This does need to be made live as soon as possible so that all payments etc are transparent to parishioners.

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

Sonya

Sonya Blythe
Internal auditor