

# Ashwellthorpe and Fundenhall Parish Council

## Internal Audit Report Financial Year 2023/24

Prepared by Sonya Blythe  
28 April 2024

I have completed an internal audit of the accounts for Ashwellthorpe and Fundenhall Parish Council for the year ending March 2024.

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
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	Not in minutes, but version on website dated September 23



Risk management arrangements	Date Financial Regulations last reviewed	Not in minutes, but version on website dated September 23
	Has a Responsible finance officer been appointed with specific duties?	Yes, Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, evidenced from invoice to minutes and bank account
	Has VAT on payments been identified, recorded and reclaimed?	VAT column in cashbook, three claims received in 2324
	Is s137 expenditure separately recorded and within statutory limits?	Separate column in cashbook – not required due to adopting GPOC *see recommendation
	Have S137 payments been approved and included in the minutes as such?	Yes
	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?	RA on website dated June 23 but not recorded in minutes *see recommendation
Is insurance cover appropriate and adequate?	Liability cover adequate	
Are internal financial controls documented and regularly reviewed?	March 24 minutes	

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?	2324 – Approved in January 23 minutes 2425 – Approved in January 24 minutes
	Has the precept been calculated from the budget and been approved?	2324 – Recorded as £10,513.00 2425 – Recorded as £12,090.00



	Does the budget include an actual completed year?	Estimate to end of current year *see recommendation
	Is actual expenditure against budget regularly reported to the council?	Regular cashbook reports given
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Bank account £10513 Remittance £10513
	Are security controls over cash and nearcash adequate and effective?	Occasional cash payments received, paid in to bank account and added to receipts spreadsheet
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 previously
	Do salaries paid agree with those approved by the council?	Yes, payslips seen
	Are salaries above the National Living Wage/Minimum Wage?	Yes National increment applied in November
	Are other payments to employees reasonable and approved by the council?	Yes, expenses seen

Internal control	Test	Observations
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Asset controls	Have PAYE/NIC been properly operated by the council as an employer?	Yes, P60 seen and payments made to HMRC
	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?	Items purchased in 2324 added to register, but review not minuted
	Do asset insurance valuations agree with those in the asset register?	For the most part – some items do not have replacement values listed though, so its hard to determine if they have been included
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?	Reported each meeting
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	N/A
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?	No - AGAR £7476 *see note  Statements £7676.32
	Has a year-end bank reconciliation been undertaken?	Yes, £7,676.32
	Is there an audit trail from underlying financial records to the accounts?	Yes, cashbook matched to bank statements
Procedural	Is eligibility for the General Power of Competence properly evidenced?	May 23 minutes



	Have points raised on the last Internal Audit report been considered by council and actioned?	Minute names of all policies being reviewed – no  Ensure financial decisions are made in public meetings – yes  Consider setting up a play equipment EMR - no
<b>Internal control</b>	<b>Test</b>	<b>Observations</b>
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	No
	Payments over £100 detailed on website?	All payments included within 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)	Yes

### Summary of report:

Thank you to Alan for supplying all documentation 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, although there are items on the asset list that do not have a replacement value (such as streetlights) so Council may wish to check that these are insured
- 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 no concerns to raise and as such have signed the internal audit section of the AGAR.

#### **Notes / recommendations for 24/25:**

**Policy / risk assessment reviews** - Although you have updated policies on your website, it was hard to evidence this as list of policies was not included within your minutes. This was also raised in last years audit. I also could not check the agenda to see if they had been listed within it, as your agendas have been removed. Listing policy reviews is especially important when it comes to the annual risk assessment where, as part of the annual audit, I need to confirm that you have assessed your risks. I have signed that box, as the risk assessment on the website is dated in 2324, but please ensure that all policy reviews are properly minuted in future. Although you are outside of the Transparency Code for smaller authorities regulations, it is still best practice to meet the requirements of the one closest to you, which would include keeping your agenda's online. I would recommend doing this in future as a back up to any detail being missed out of minutes.

**S137** – Council confirmed in May 2023 that it holds the General Power of Competence. This power supersedes S137, and as such S137 should not be used in future. These payments can be recorded under your other budget categories, such as admin or grants, as required

When **budget setting** it is best practice to have a complete budget year on the document for Council to see. For example when setting the 24/25 budget, you would have had a full year showing for 2223, then the estimate to the end of 2324, then the 2425 budget line for consideration. This helps to have a full summary of the financial position available.

**Email management** – the JPAG Practitioners Guide states that “every authority should have an email account that belongs to the council and to which the council has access – this ideally would be a .gov.uk or .org.uk address or could be an address linked to the council website”. I note from your minutes that this is in hand.

**AGAR figures** - At its April 24 meeting Council signed off the figures within the AGAR. If Council had have added them through (which it is signing to say it has done) it would have noticed a £200 discrepancy, caused by an accounting error. This has now been corrected by the Clerk, and Council will need to re-sign the AGAR before it is submitted to the external auditor. The following guidance is stated in this years guidance from the external auditor:



“The smaller authority will ideally need to consider the internal audit work performed and internal audit arrangements in place between 1 April 2023 and 31 March 2024 before confirming compliance with assertions 2 and 6 but it is not a statutory requirement”

It is good practice for the internal audit paperwork to come to the internal auditor before Council signs it off, which then confirms the figures have been independently verified before you sign them.

**Earmarked Reserves** – as highlighted last year, your reserves are extremely low considering the amount of play equipment you are responsible for. Play equipment repairs can be extremely expensive. This should be given consideration when budget setting.

*Sonya*

Sonya Blythe  
Internal auditor



**Items to bring to internal audit 2023/4**  
**Ashwellthorpe and Fundenhall Parish Council**

Please complete these 2 pages and hand over either electronically or print off and file in the front of your accounts file ready for your internal audit.

Document/item	Where to find it
A printout of the AGAR (Annual Governance & Accountability Return, with draft figures provided in section 2) and last year's original AGAR	Secondary File
Internal audit report for last year	Secondary file and website
Accounts (cashbook) – this year and last year for all bank accounts (if using Excel please supply as an Excel document rather than pdf)	On pendrive and website
Bank statements for all accounts for this financial year, including 31 <sup>st</sup> March 2024	Accounts file
Cheque and paying-in books	Accounts file
Petty cash records, if applicable	N/A
VAT records and claims  What date was last VAT reclaim?	Secondary file
Copy of Budget for financial year being audited and budget set for 24/25 <i>Also provide minute reference of council approval of budget and precept</i>	Secondary File
Bank reconciliation for end of year – this year and last year	Secondary File
Accounts folder to include all invoices and all receipts and explain why if any are missing	Accounts folder