

Stibbard Parish Council

Internal Audit Report

For Stibbard Parish Council

Financial Year 23/ 24

Prepared by Di Dann, CiLCA , FILCA qualified
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I have completed an internal audit of the accounts for Stibbard Parish Council for the year ending 31st March 2024. My findings are detailed below using the tests provided in the **Governance and Accountability (England) March 2023**.

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

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	May 2023
	Date Financial Regulations last reviewed	May 2023
	Has a Responsible Financial Officer been appointed with specific duties?	Yes
	Have items or services above the de minimus amount been competitively purchased?	See below
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	No – see below
	Has VAT on payments been identified, recorded and reclaimed?	Yes - to February 2024 See below
	Has s137 expenditure been approved and separately recorded and within statutory limits? (where applicable)	See below
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?	March 2024
	Is insurance cover appropriate and adequate?	Yes

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	Yes – see below in relation to their reporting.
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	See below
	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?	Yes
	Are security controls over cash and near-cash adequate and effective?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes
	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?	See below
	Have PAYE/NIC been properly operated by the council as an employer?	See below
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 – see below

Internal control	Test	Observations
	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 – see below
	Is a bank reconciliation carried out regularly and in a timely fashion?	See below
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Yes (2 accounts held)
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
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes – see below
	Where appropriate, have debtors and creditors been properly recorded?	N/A
Procedural	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes
	Policy documents routinely updated?	Yes – see below
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	No – see below
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	No – see below
	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 – on asset register
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council put in place a privacy policy? Is it on the website?	Yes Yes
FOI Publication Scheme	Is there an FOI Publication Scheme? Is it on the website? Is it updated?	No – see below

Summary of my recommendations and reasons why have been unable to tick “YES” in Boxes B, G, L.

HMRC, Salaries, ITX and payments to employees

Salaries should be paid through RTI (HMRC website). There needs to be evidence to support payments – Pay slips, any payments which need to be made to HMRC and a year end P60. Other payments made to the Clerk should be supported by invoices issued to the Council. I understand that the Clerk has had difficulties with HMRC, these difficulties appear to have gone on for the whole of the year. This matter should be urgently resolved. Council has responsibilities as the employer - to HMRC for any tax which may be due. Clerk to check that no tax is due on the additional payments made and recorded in the cash book as “WFH”.

Receipts and Payments and the Audit Trail

Receipts and Payments should be numbered in the cash book, the number should be written on the invoice. Similarly for receipts should there be any. This supports the audit trail.

VAT

Council to note that VAT can be claimed for items bought with till receipts (up to the value of £200). In addition, other items purchased for the Council (such as stationery) should be purchased in the name of the Council so that VAT can be reclaimed. Items not included on the last VAT Return - TLC 28th November 2023 £5.40 550447258; Brunel 2nd May 2023 £10.07 520266970 should be reclaimed.

Transparency

All minutes should be published on the website within a month. Minutes should include supporting appendices such as the financial statement given to council. (if the detail is not included within the minutes). Minute pages should be numbered consecutively otherwise each page should be initialed by the Chairman. Clerk to note that an agenda item AOB, must be avoided. This can lead to decisions being made, and decisions can only be made for items detailed on the agenda. Payments over £100 should be detailed on the website.

Asset Register

Noted that the laptop purchased in 2023 is not included on the Asset Register (£634) as detailed on the website (March 2023). The Asset Register on the website needs to be changed to the more recently updated register.

End of year balances and Budget 24 /25.

End of year balances are extremely low. (at 31st March 2024 £1121). Council should review its budget for this present year and make immediate economies wherever possible. Council should always include a contingency sum in their budget in the event of any unforeseen problems. For guidance, the year end balance should be half of what is needed during the coming financial year.

AGAR 22 /23 details the Bank Balance at 31st March 2023 as £3157. The Bank Balances reported at the May 2023 meeting for 1st April 2023 were noted as £6514.47 and £1658 70. In fact, these were the balances noted from the Bank Statements at the date of the meeting rather than at the start of the financial year.

Internal Controls / Minute heading “Financial Matters”

Internal controls should be documented within the minutes or included as an attachment to the minutes. Internal Controls are measures put in place to prevent fraud and corruption and to support financial reporting. They include such things as reporting receipts, payments, bank reconciled to cash book, budget reporting. (Refer above Transparency).

Policies and Procedures

- (i) Freedom of Information Publication Scheme should be published. This can be based on the ICO Model Scheme (as is available on their website).
- (ii) Financial Regulations. Item 10 Placing Orders currently details a requirement to obtain 2 quotes for items costing £500 - £1000 and for items £1000 – under £25,000 3 quotes. There is no evidence to indicate this has been done (Refer Action Plan 27th Nov) Consider reviewing this regulation, in view of the difficulty in obtaining quotes for small value items. The Council should always have one written quotation for items under £1000.

S137 payment

An invoice was received for a Remembrance Wreath in November 2023 for £55.00 with a request that £10 of this should be donated to the British Legion. A payment of £45.00 was made by SPC for the Wreath but there is no evidence of the £10 donation by SPC to the RBL.

