

Forncett 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 Forncett 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 – account summary document is complete for full year
	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	March 2023, per minutes
	Date Financial Regulations last reviewed	May 2022, 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- trail from invoices – minutes – cashbook – bank statement. All invoices signed by Councillors.
	Has VAT on payments been identified, recorded and reclaimed?	Yes – Form 126 submitted for full year refund March 23.
	Is s137 expenditure separately recorded and within statutory limits?	N/A – hold GPOC
	Have S137 payments been approved and included in the minutes as such?	N/A
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?	Risks register reviewed March 23 Nov 22 – war memorial check arranged, but can't see general risk assessment of assets in minutes
	Is insurance cover appropriate and adequate?	Yes – items on asset list insured for adequate amount

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	Yes – reviewed May 22
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – minutes November 2021
	Has the precept been calculated from the budget and been approved?	Yes, precept amount included in minutes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes account summary spreadsheet regularly submitted
	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?	Yes - £12k in minutes, £12k received.
	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 seen
	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?	Yes, expense claims seen
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – accounted for on payslips and quarterly payments made to HMRC

Internal control	Test	Observations
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, asset list dated 31 March 23
	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
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes – monthly reports given to Council
	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?	Yes – bank statements total £26009.08. This matches year-end reconciliation and AGAR
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
Procedural Transparency: For smaller councils with turnover under £25,000	Is eligibility for the General Power of Competence properly evidenced?	Yes – May 2019, per minutes
	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes – Standing orders have been updated to include new contract amounts
	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes – included in minutes and monthly financial report published
	Electors' rights advertised on website?	No

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)	No land owned
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	Yes – one payment made in February 23 and tenant named
Councils with charities only	Have fees for the allotments been reviewed and agreed by Council?	Clerk advised they were reviewed in February 2022.
	Have Charities reported and accounted separately?	No charity, but note Parish Council are Trustees of the Forncett Parochial Charity (which has no bank account and no income). Annual minutes of Charity meeting viewed.
	Have the Charity accounts been independently audited?	N/A
	Have the Charity accounts and Annual Return been filed within the legal time limit?	N/A

Summary:

Thank you to Anne 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:

Although I could see in the minutes that a risk assessment has been carried out during the year, I couldn't see that a physical check of assets had been carried out. It's important for all assets to have a safety check at least annually, and a Councillor should be allocated to take the task on and report back to Council.

Unfortunately the Electors' Rights weren't advertised on the website for the 21/22 year-end process. This is required under Sections 26 and 27 of the Local Audit and Accountability Act 2014, as it is the process by which parishioners know that the annual accounts have been completed and are available for inspection. I understand this was caused by a misunderstanding of the wording on paperwork on the website of the external auditor, PKF Littlejohn. This was done correctly for the 20/21 audit and I have no doubt will be completed correctly in future years.

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

Kind regards

Sonya

Sonya Blythe
Internal auditor