

Strumphaw Parish Council

Internal Audit Report
Financial Year 2023/24

Prepared by Sonya Blythe
6 April 2024

I have completed an internal audit of the accounts for Strumpshaw 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 – Scribe reports
	Is the cashbook arithmetically correct?	Yes, agrees to bank accounts
	Is the cashbook regularly balanced?	Yes – reported 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 2023 minutes – updated version
	Date Financial Regulations last reviewed	July 2023 minutes
	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 – trail from invoices to minutes to bank account
	Has VAT on payments been identified, recorded and reclaimed?	Yes, VAT recorded in cashbook Three claims received in 23/24
	Is s137 expenditure separately recorded and within statutory limits?	Recorded in cashbook as S137 budget line, and within limits
	Have S137 payments been approved and included in the minutes as such?	Grants approved, but not recorded in minutes as S137
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?	General Risk Assessment – July 23 minutes Buckenham Wood Risk Assessment – March 24 minutes
	Is insurance cover appropriate and adequate?	Yes- separate policies for village hall and assets

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	Yes, July 2023 minutes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	2324 budget – yes approved November 22 2425 budget – yes, approved November 23
	Has the precept been calculated from the budget and been approved?	2324 – approved as £11650 2425 - approved at £12850
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes – reconciliation and reports detailed in meeting minutes
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	All recorded on Scribe and matched to bank account
	Does the precept recorded agree to the Council Tax authority's notification?	£11650 received in bank / £11650 precept notification form
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, contract seen 2023
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes National increase put through in November
	Are other payments to employees reasonable and approved by the council?	Yes, expense claims seen

Internal control	Test	Observations
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, HMRC and pension payments made
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 – September 2023 (not minuted)
	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, two accounts, balances regularly reported
	Is a bank reconciliation carried out regularly and in a timely fashion?	Each meeting
	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?	AGAR £44894 Bank statements £44894.81
	Has a year-end bank reconciliation been undertaken?	Yes £44894.81
	Is there an audit trail from underlying financial records to the accounts?	Yes, invoices matched to bank account
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 – asset list online, full payments published in minutes Reserves – increased in 2425 budget S137 – separate cashbook line, but not recorded in minutes as S137 payment
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	No – removed after meeting.

Internal control	Test	Observations
(best practice over £25K)	Payments over £100 detailed on website?	Yes, payments all included in 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
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	Individual payments in cashbook
	Have fees for the allotments been reviewed and agreed by Council?	Yes – November 2023 minutes

Summary of report:

Thank you to Tanya 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
- 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
- I was pleased to see that Council increased their precept to allow for additional general reserves to be put in place

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

Notes / recommendations for 24/25:

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”. As you are using an Outlook account this may be something that Council wishes to budget for this year.

S137 is recorded within your accounts as a separate cost centre, correctly. In order to completely meet the requirements for using this power, S137 expenditure should also be recorded with your minutes with Council approving its use, per the following instruction”
“As Councillors are collectively expressing an opinion as to the commensurate local benefit, the expenditure under section 137 must be properly authorised by resolution”

It's clear from your minutes that the asset list was reviewed, as Council agree to add the SAM2 cameras on, but for complete clarity it would be prudent each year to confirm within your minutes that the list has been reviewed.

Sonya

Sonya Blythe
Internal auditor