

Brettenham and Kilverstone Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
22 April 2023

I have completed an internal audit of the accounts for Brettenham and Kilverstone 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 – matches bank accounts
	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 18 – need updated version from NALC. Clerk adding to agenda in July.
	Date Financial Regulations last reviewed	2019 – review now due
	Has a Responsible finance officer been appointed with specific duties?	Yes – Clerk is RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – invoices match with minutes, cashbook and bank statements.
	Has VAT on payments been identified, recorded and reclaimed?	Yes. Claim sent for full 22/23 year early April.
	Is s137 expenditure separately recorded and within statutory limits?	Separate column in cashbook
Risk management arrangements	Have S137 payments been approved and included in the minutes as such?	N/A – no S137 payments made
	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?	No. Risk register on website updated to 2022, but not minuted as being updated. Asset checks – risk assessment states: “An annual review of assets is undertaken for insurance provision, storage and maintenance provision”. Not minuted as happened

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes, schedule seen
	Are internal financial controls documented and regularly reviewed?	Yes – May 22 meeting, and uploaded to website
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	December 21 minutes show agreement for 22/23 budget. Budget published on website
	Has the precept been calculated from the budget and been approved?	Yes – minutes show £6000 requested. Minutes say Chairman submitted precept request– should really be RFO
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Regular updates given on bank balances and expenditure. No actual document showing spend against budget
	Are there any significant unexplained variances from budget?	Hard to tell as no spend against budget document, but income exceeds expenditure and good reserves in place
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Minutes £6000 Cashbook £6000 Received from Breckland on bank statements £6000
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 – checked in 21/22 audit

Internal control	Test	Observations
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	No. £10 is barely above minimum wage and does not meet Living Wage.
	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, HMRC slips seen
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?	Purchase dates not on register, but register title includes "22/23"
	Do asset insurance valuations agree with those in the asset register?	Yes, policy checked
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?	Reconciliations recorded in each minutes
	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?	Bank statement £22956.33 Cashbook £22956.33
	Has a year-end bank reconciliation been undertaken?	Yes – updated one being prepared by Clerk
Procedural	Is there an audit trail from underlying financial records to the accounts?	Yes – invoices can be followed through the minutes and to the bank accounts.
	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?	Upload Standing Orders to website – yes. Update risk assessment – no. Still 2015.

Internal control	Test	Observations
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes, included in minutes
	Electors' rights advertised on website?	No* see note
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	No*see note
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Yes

Summary:

Thank you to Romy 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 are up to date, though are due a four-year review this year.
- 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
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

Recommendations / items to note:

1. Although detailed financial updates are recorded in the minutes of each meeting, Council could benefit from a regular spend against budget report as part of your

cashbook.

2. Your Standing Orders are out of date. NALC issued a revised copy in 2020. The updated regulations should be adopted the next time you review them. In addition it is now four years since your Financial Regulations have been updated. These should also be updated before the next annual audit.
3. The date on your risk assessment has been updated, but this does not appear to have been brought to Council. Box C of the AGAR states that the Internal Auditor must "Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc". As this has not been done I cannot tick this box of the AGAR. In addition I cannot see from your minutes that an annual check of all of your assets has been carried out and recorded. A risk assessment and asset check should be carried out urgently and repeated as an annual procedure.
4. The Clerk's salary was £10 an hour in 22/23. Barely above the 2022 minimum wage and certainly below the living wage. I also cannot see that the cost of living increment was given in 2022/23, that local Government staff received in November, backdated to 1st April. Council should carry out an urgent review of this salary. Clerking is a highly responsible role with the Clerk acting as your Chief Executive and the salary should be commensurate with the level of responsibility.
5. Romy is in the process of updating the AGAR and year-end reconciliation so that they match the total (£22956.33) in the bank account. These will be updated for Council to sign off by the time you meet. .
6. I understand that the public rights and AGAR were published correctly, but the links are now not working due to a website update. I have therefore ticked this box as being completed correctly, and Romy will have these links corrected before you meet to sign the AGAR off.

Kind regards

Sonya

Sonya Blythe
Internal auditor