**Brundall Parish Council**

Internal Audit Report

Financial Year 2021/22 – mid-year report.

Prepared by Sonya Blythe
20 January 2022

I have completed a mid-year internal audit of the accounts for Brundall Parish Council for financial year 2021/22, to 31 December 2021.

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 – Rialtas reports supplied |
| Is the cashbook arithmetically correct? | Yes  |
| Is the cashbook regularly balanced? | Yes – balanced to bank reconciliations monthly  |
| Standing Orders, Financial Regulations and payment controls | Has the council formally adopted Standing Orders and Financial Regulations? | (year-end) |
| Date Standing Orders last reviewed | (year-end) |
| Date Financial Regulations last reviewed | (year-end) |
| Has a Responsible finance officer been appointed with specific duties? | (year-end) |
| Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted? | Yes – payment summary in minutes, and detailed spreadsheet prepared for each meeting and signed off by Chairman. Random selection of invoices identified and checked off. |
| Has VAT on payments been identified, recorded and reclaimed? | Yes – identified in nominal ledger |
| Is s137 expenditure separately recorded and within statutory limits? | N/A – not used |
| 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 – budget spend to date in line with month 9 of overall budget, invoices all available. |
| Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme? | (year-end) |
| Is insurance cover appropriate and adequate? | (year-end) |
| Are internal financial controls documented and regularly reviewed? | Yes – last updated July 21 |
| Budgetary controls | Has the council prepared an annual budget in support of its precept and has this been minuted as being approved? | Yes – published on website |
| 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? | Yes – income and expenditure report on agenda quarterly |
| Are there any significant unexplained variances from budget? | No |
| Income controls | Is income properly recorded and promptly banked? | Yes – income reconciles between bank statements and cashbook |
| Does the precept recorded agree to the Council Tax authority’s notification? | Yes – S50 form seen, |
| Are security controls over cash and near-cash adequate and effective? | Yes – internal control policy in palce |
| 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 | Are salaries above the National Living Wage/Minimum Wage? | Yes |
| Do salaries paid agree with those approved by the council? | Yes |
| Are other payments to employees reasonable and approved by the council? | Yes |
| Have PAYE/NIC been properly operated by the council as an employer? | Yes – pay slips seen |
| Asset controls | Does the council maintain a register of all material assets owned or in its care? | (year-end) |
| Are the assets and Investments registers up to date? When were these last reviewed? | (year-end) |
| Do asset insurance valuations agree with those in the asset register? | (year-end) |
| Bank reconciliation | Is there a bank reconciliation for each account and is this reported to council? | Yes – paper copies supplied |
| Is a bank reconciliation carried out regularly and in a timely fashion? | Yes – each account is reconciled regularly and reported to Council & reported in 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)? | (year-end) |
| Do accounts agree with the cash book? | (year-end) |
| Has a year-end bank reconciliation been undertaken? | (year-end) |
| Is there an audit trail from underlying financial records to the accounts? | (year-end) |
| Where appropriate, have debtors and creditors been properly recorded? | (year-end) |
| Procedural | Is eligibility for the General Power of Competence properly evidenced? | Yes – minuted May 2019 |
| Have points raised on the last Internal Audit report been considered by council and actioned? | No formal recommendations were made, but two comments:1 - *cemetery fees should be reviewed each council cycle* – these were updated in 2021*Review of internal controls be carried out each year* - done July 2021.  |
| Transparency Code – N/A formally but check for good practice | Minutes for whole year on website? | (year-end) |
| Agendas for whole year on website? | (year-end) |
| Payments over £100 detailed on website? | (year-end) |
| 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) | No  |
| Burial Authorities only | Are fees levied in accordance with the Council’s approved scale of fees and charges? | Updated fees added to website in 2021 |
| Have fees for the cemetery been reviewed and agreed by Council? | (year-end) |
| Were comparisons made with other cemeteries prior to setting the fees? | (year-end) |
| Have burial books been kept up to date and are they safely stored? | (year-end) |
| Allotments only only | Has a list of allotment holders with amounts paid to Council been submitted?  | Yes – detailed on Rialtas |
| Have fees for the allotments been reviewed and agreed by Council? | Yes – June 20 |

**Summary of my recommendations:**

Thank you to Claudia for providing all documentation required to carry out the mid-year audit. I have left certain aspects such as policies to check at year-end, but have thoroughly examined the finances and related records to 31 December 2021.

The financial records are thorough and regular detailed reports are submitted to Council and signed off by the Chairman of the meeting. A random selection of invoices were selected and matched to the bank accounts and minutes of meetings with no issues being found. Spend against budget is in line with where I would expect it to be at month nine.

Strong ear-marked reserves are in place to ensure ongoing maintenance of Council owned assets, along with adequate general reserves.

The accounts, cash book and reconciliation all balance with each other.

At year-end I will look at the remaining January – March financial records, and all other matters above that were not considered today.

Overall I have no matters of concern to raise.

Sonya Blythe

Internal auditor