

Brundall Parish Council

Internal Audit Report
Financial Year 2021/22

Prepared by Sonya Blythe
30 May 2022

I have completed an internal audit of the accounts for Brundall Parish Council for the year ending 2022.

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 – agrees to box 8 on AGAR and bank statements
	Is the cashbook regularly balanced?	Yes, balanced monthly and reported to Council
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	April 2021
	Date Financial Regulations last reviewed	April 2021
	Has a Responsible finance officer been appointed with specific duties?	Yes – Deputy Clerk is RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – invoices available for all purchases and income, and matched to cashbook. All expenditure detailed within published minutes. In addition large unbudgeted expenditure , grants etc discussed separately and minuted.
	Has VAT on payments been identified, recorded and reclaimed?	Yes – claims made in March 21 and February 2022. Unsure of deminimus level for business expenditure has been checked
	Is s137 expenditure separately recorded and within statutory limits?	N/A – GPOC 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
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Yes – approved in July 21 and November 21

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes – renewed policy from January 22 seen
	Are internal financial controls documented and regularly reviewed?	Yes – last reviewed 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 – detailed approved December 2021
	Has the precept been calculated from the budget and been approved?	Yes – budget paperwork seen. Band D amounts shown for three years
	Does the budget include an actual completed year?	Yes – 5 year budget drafted for Council
	Is actual expenditure against budget regularly reported to the council?	Yes – reports given at each full Council meeting
	Are there any significant unexplained variances from budget?	No - Projects budget line at 190%, but invoices explain the difference
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?	Yes
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
	Do salaries paid agree with those approved by the council?	Yes – payslips provided for Clerk and RFO. Handyman invoices and is not employed.
	Are salaries above the National Living Wage/Minimum Wage?	Yes

Internal control	Test	Observations
	Are other payments to employees reasonable and approved by the council?	Yes- expense slips seen
	Have PAYE/NIC been properly operated by the council as an employer?	Yes - P60s supplied
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes – detailed register published
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes – May 2022
	Do asset insurance valuations agree with those in the asset register?	Yes – valuations 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?	Yes
	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
	Do accounts agree with the cash book?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes – one for each account
	Is there an audit trail from underlying financial records to the accounts?	Yes clear trail - invoices available for all income and expenditure
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Yes – minuted May 2019, due again 2023
	Have points raised on the last Internal Audit report been considered by council and actioned?	No formal recommendations were made, but two comments: <i>1 - cemetery fees should be reviewed each council cycle – these were updated in 2021</i> <i>Review of internal controls be carried out each year - done July 2021.</i>
Transparency: For larger councils	Minutes for whole year on website?	Yes

Internal control	Test	Observations
with turnover over £200 000.	Agendas for whole year on website?	Yes
	Payments over £500 detailed on website?	Yes - payments in minutes and separate document on Finance page of website
	Procurement card transactions detailed on website	Yes – payments in minutes and separate document on Finance page of website
	Electors' rights advertised on website?	Yes
	Invitations to tender for goods or services detailed on website	Yes
	Contracts with a value of over £500 detailed on website	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	Yes
	Staffing chart on website	Yes
	Details of grants awarded available on website	Yes
	Waste collection contracts on website	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Yes
	Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?
Have fees for the cemetery been reviewed and agreed by Council?		Yes – 2021 reviewed price list on website
Have burial books been kept up to date and are they safely stored?		Electronic version seen

Internal control	Test	Observations
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	Yes – Rialtas report seen
	Have fees for the allotments been reviewed and agreed by Council?	Reviewed and reduction agreed in June 2021

Summary of my recommendations, 21/22 accounts:

Thank you to Claudia for providing all of the documentation to carry out the audit.

- I have checked through your accounts and confirmed them against a large sample of income and expenditure receipts, as well as against payments per your minutes. 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 and pension management meet all requirements
- I have reviewed your budget setting process and noted that you provide Council with regular spend against budget information
- Due to the large amount of S106 money received the Council has gone over the £200k limit for larger Council's and as such is required to provide additional information under the Transparency Code. I note that this has been carried out and your reporting meets Transparency Code requirements
- I have checked that your assets are appropriately insured, and that your risk assessment includes detail of regular asset inspections
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts
- I have checked that your ear-marked accounts seem sufficient and am pleased to see that a significant sum has been put into an asset management EMR this year

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

Two notes that don't affect the outcome of the audit:

1. The JPAG states:

"5.122. Current rules require authorities where the gross income or expenditure for the year (whichever is the higher) has exceeded the threshold of £200,000 for a period of three continuous years, to report their financial details on an income and expenditure basis, from the third year onwards. Authorities operating below the £200,000 threshold

have the option to report either on an income and expenditure basis or on a receipts and payments basis.”

If your turnover is likely to remain over £200k going forward then it is worth keeping this in mind for your future financial reporting.

2. The de minimus level is currently £7500 for claiming back business VAT. I am not a VAT expert and so have not checked this in detail. However at year-end you had £43,483 in your VAT control account to be claimed back, a large chunk of this for a sports hub which, if hire fees will be charged, could be considered a business expense. If you have large expenditure such this coming up, it may be worth checking with a local Government VAT expert whether it is considered business expenditure or not.

Sonya Blythe
Internal auditor