

Cley Parish Council

Internal Audit Report
For Cley Parish Council
Financial Year 2020/21

Di Dann 28th April 2021

I have completed an internal audit of the accounts for xxx Council for the year ending 31st March 2021.

My findings are detailed below using the tests provided in the **Governance and Accountability (England) 2020**.

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes
	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 2021
	Date Financial Regulations last reviewed	June 2019 See below
	Has a Responsible finance officer been appointed with specific duties?	Yes
	Have items or services above the de minimus amount been competitively purchased?	Yes
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is s137 expenditure separately recorded and within statutory limits?	N/A (GPC 2019)
Have S137 payments been approved and included in the minutes as such?	N/A (GPC 2019)	
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No

Internal control	Test	Observations
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	See below
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes See below
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	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
	Are there any significant unexplained variances from budget?	No
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 See below
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

Internal control	Test	Observations
	Do salaries paid agree with those approved by the council?	Yes See below
	Are salaries above the National Living Wage/Minimum Wage?	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
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes See below
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes Sept/Oct 2020
	Do asset insurance valuations agree with those in the asset register?	See below
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
	Is the value of investments held summarised on the reconciliation?	Yes
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 See below
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	N/A
Procedural	Is eligibility for the General Power of Competence properly evidenced?	May 2019

Internal control	Test	Observations
	Have points raised on the last Internal Audit report been considered by council and actioned?	Minute to confirm this is required

I have been able to complete all boxers with a YES answer. However, I make the following recommendations:

Cash Book, Accounts and AGAR 20/21

The Council has recently transferred to a Scribe Accounting System. There are No Year End Accounts produced. End of Year Accounts offer an opportunity to compare headings against the previous year. This is an important tool for internal control.

Action:

Council should seek clarification from Scribe.

Risk Management Policy

This was compiled in 2018. It should be reviewed every year. During the year 2020/21 additions to the RMP should cover the Cley Loo e.g. Handing of donations; Safety of Staff

Security of building.

Action:

RMP to be reviewed. H&S Risk assessment to be compiled for Loo cleaner.

Asset Register

It is noted that the Cley Loo is not on this document but it is included on the Insurance Policy.

The total on the Asset Register (if using insurance valuations) should equal the total in BOX 9 of AGAR.

Action:

Review Asset Register.

Financial Regulations

It is noted that an Internal Control Officer has been appointed. Financial Regulations should be reviewed to include this.

e.g. The Council annually appoints an ICO who inspects various aspects of the accounting system, twice annually. They report their findings to the Council meeting following the inspection.

Method of cash collection from Loo to be included in Financial Regulations.

Action:

Review Financial Regulations.

Staffing and salaries

With reference to the Loo cleaner, any changes to the Contract of Employment should be confirmed in writing.

Action:

Undertake as necessary.

I hope this report is of help to the council and I would be pleased to answer any queries the Council or RFO may have. Thankyou for entrusting this work with me.

Di Dann B Sc. (Hons), PSLCC (retired member) CiLCA qualified
30th April 2021

Name
Internal auditor