

Ringland Parish Council

Internal Audit Report

Financial Year 2021/22

Prepared by Clare Morton
17 May 2022

I have completed an internal audit of the accounts for Ringland Parish Council for the year ending March 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, totals bank accounts
	Is the cashbook regularly balanced?	Accounts updates given at each meeting
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Only Standing orders available on website
	Date Standing Orders last reviewed	Nov 2019
	Date Financial Regulations last reviewed	Not available
	Has a Responsible finance officer been appointed with specific duties?	Yes – Parish Clerk is RFO – ratified in Sept 2021 minutes
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	All payments have accompanying invoices however minutes refer to a 'schedule of payments' which is not then publically available.
	Has VAT on payments been identified, recorded and reclaimed?	Majority recorded but unclear when reclaim made.
	Is s137 expenditure separately recorded and within statutory limits?	No record of payments made – approx electors 250 x £8.41 = £2013 permissible.
	Have S137 payments been approved and included in the minutes as such?	No

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?	No – risk to Common Land has been assessed. A risk assessment and management schedule has been viewed but not minuted.
	Is insurance cover appropriate and adequate?	Payment made for insurance but minutes do not record details. No policy documents submitted.
	Are internal financial controls documented and regularly reviewed?	No evidence of policy.

Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes- Jan 22 minutes indicates budget circulated.
	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 nearcash 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?	Not known.
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Not known, no expenses submitted.
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – payslips provided
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 – updated April 2022
	Do asset insurance valuations agree with those in the asset register?	Not known – insurance document not seen
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?	No
	Is there an audit trail from underlying financial records to the accounts?	Yes – invoices all present and included in expenditure spreadsheet
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Not applicable
	Have points raised on the last Internal Audit report been considered by council and actioned?	None referenced in the Minutes
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes but some still in draft.
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes
	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 – website does have section on common land location and commoners rights.

Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	No allotments
	Have fees for the allotments been reviewed and agreed by Council?	No allotments

Summary of my recommendations:

I note that Ringland PC has been without a clerk for much of the 2021-22 year so admin – in particular keeping the website up to date – has not been possible.
 I have checked through your account book and confirmed it against income and expenditure receipts, but I have not been able to verify payments within your minutes. I have noted that VAT has been detailed for some items within the last year but not all, and no claim has been made. I have verified that your payroll meets all requirements. I have not viewed the insurance document.
 I cannot find any mention of Financial Regulations on the website, nor of Internal Financial Control.
 I have prepared a Year End bank reconciliation on behalf of the council.

No details on a contract for the clerk has been submitted.

Your reporting meets Transparency Code requirements.

Despite the lack of data available on the website to allow me to check authorisations and controls, I will sign off the internal audit section of the AGAR on the basis of the income and expenditure statement reconciling with the bank account.

Clare Morton
 Internal auditor