Bunwell Parish Council

Internal Audit Report Financial Year 2023/24

Prepared by Sonya Blythe 7 April 2024

I have completed an internal audit of the accounts for Bunwell Parish Council for the year ending March 2024.

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

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| **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, reported at each meeting |
| Standing Orders, Financial Regulations and payment controls | Has the council formally adopted Standing Orders and Financial Regulations? | Yes |
| Date Standing Orders last reviewed | March 2023 minutes |
| Date Financial Regulations last reviewed | March 2023 minutes |
| Has a Responsible finance officer been appointed with specific duties? | Yes, Clerk is RFO |
| Are payments in the cashbook supported by invoices, authorised and minuted? | Yes, clear trail from invoice to minutes to bank statements |
| Has VAT on payments been identified, recorded and reclaimed? | Yes, recorded separately within cash book and claim received January 2024 |
| Is s137 expenditure separately recorded and within statutory limits? | Column included in cashbook, power not used |
| Have S137 payments been approved and included in the minutes as such? | N/A – power not used |
| 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, March 2024 minutes |
| Is insurance cover appropriate and adequate? | Yes, policy seen |
| Are internal financial controls documented and regularly reviewed? | No separate internal controls document, but financial risk assessment covers all points and is followed |

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| **Internal control** | **Test** | **Observations** |
| Budgetary controls | Has the council prepared an annual budget in support of its precept and has this been minuted as being approved? | 2324 – Dec 22 – minuted as approved2425 – Jan 24 – minuted as approved |
| Has the precept been calculated from the budget and been approved? | 2324, yes approved as £145002425 – yes, approved as£15500 |
| Does the budget include an actual completed year? | Yes |
| Is actual expenditure against budget regularly reported to the council? | Updated cashbook regularly circulated |
| Are there any significant unexplained variances from budget? | No, year end accounts checked |
| Income controls | Is income properly recorded and promptly banked? | Yes – all BACS |
| Does the precept recorded agree to the Council Tax authority’s notification? | £14500 in bank£14500 on precept remittance slips |
| 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 – seen 2023 |
| Do salaries paid agree with those approved by the council? | Yes |
| Are salaries above the National Living Wage/Minimum Wage? | YesNational pay increment implemented from November |
| Are other payments to employees reasonable and approved by the council? | Yes, expenses seen |

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| **Internal control** | **Test** | **Observations** |
|  | Have PAYE/NIC been properly operated by the council as an employer? | PAYE payslips seen, and quarterly payments made to HMRC |
| 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, new play equipment added to printed register |
| Do asset insurance valuations agree with those in the asset register? | Yes |
| Bank reconciliation | Is there a bank reconciliation for each account and is this reported to council? | Yes, reported each meeting |
| Is a bank reconciliation carried out regularly and in a timely fashion? | Yes, for each meeting |
| 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? | AGAR £16430Bank statements £16429.79 |
| Has a year-end bank reconciliation been undertaken? | Yes £16429.79 |
| Is there an audit trail from underlying financial records to the accounts? | Yes, followed through from invoices to bank account |
| Procedural | 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? | No issues raised |
| 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 meeting minutes |

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| **Internal control** | **Test** | **Observations** |
|  | 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 land owned, but asset register published |

# Summary of report:

Thank you to Margaret for supplying all documentation 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 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 management meets requirements
* I have reviewed your budget setting process and noted that you provide Council with regular spend against budget information
* I have reviewed the AGAR against your year-end bank reconciliations and your accounts

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

# Notes / recommendations for 24/25:

Email management – the JPAG Practitioners Guide states that “every authority should have an email account that belongs to the council and to which the council has access – this ideally would be a .gov.uk or .org.uk address or could be an address linked to the council website”. As you are using a Live account this may be something that Council wishes to budget for this year.

Reserves – Council may wish to consider when budgeting in future, if £16k of general reserves is adequate, in light of the fact you own £78K or play equipment and £13k or

street furniture. Play equipment can be extremely expensive to replace / repair, and not every eventuality is covered by insurance.

*Sonya*

Sonya Blythe Internal auditor