

Internal Audit Report
For
Bacton and Edingthorpe Parish Council
Financial Year 2021-22

Prepared by
R M Calvert
18 April 2022

I have completed an internal audit of the accounts for Bacton and Edingthorpe Parish Council for the year ending 31 March 2022.

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 | Orders approved in Jan 2018 were reviewed November 2020 |
| | Date Financial Regulations last reviewed | November 2020 |
| | 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 |
| | Have legal powers been identified for purchases | S137 |
| | Has VAT on payments been identified, recorded and reclaimed? | Yes |
| | Is s137 expenditure separately recorded and within statutory limits? | Yes |
| | Have S137 payments been approved and included in the minutes as such? | Yes |
| 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 May 2021 |

| Internal control | Test | Observations |
|-----------------------|---|--|
| | <p>Is insurance cover appropriate and adequate?</p> <p>Are internal financial controls documented and regularly reviewed?</p> | <p>Yes reviewed with insurance renewal</p> <p>Yes</p> |
| Budgetary controls | <p>Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?</p> | <p>Yes</p> |
| | <p>Has the precept been calculated from the budget and been approved?</p> | <p>Yes</p> |
| | <p>Does the budget include an actual completed year?</p> | <p>Yes</p> |
| | <p>Is actual expenditure against budget regularly reported to the council?</p> | <p>Yes</p> |
| | <p>Are there any significant unexplained variances from budget?</p> | <p>No</p> |
| Income controls | <p>Is income properly recorded and promptly banked?</p> | <p>Yes</p> |
| | <p>Does the precept recorded agree to the Council Tax authority's notification?</p> | <p>Yes</p> |
| | <p>Are security controls over cash and near-cash adequate and effective?</p> | <p>Yes</p> |
| Petty cash procedures | <p>Is all petty cash spent recorded and supported by VAT invoices/receipts?</p> | <p>N/A</p> |
| | <p>Is petty cash expenditure reported to each council meeting?</p> | <p>N/A</p> |
| | <p>Is petty cash reimbursement carried out regularly?</p> | <p>N/A</p> |
| Payroll controls | <p>Do all employees have contracts of employment with clear terms and conditions?</p> | <p>Yes</p> |
| | <p>Do salaries paid agree with those approved by the council?</p> | <p>Yes</p> |
| | <p>Are salaries above the National Living Wage/Minimum Wage?</p> | <p>Pay review is recommended to ensure that the Clerk is paid a salary commensurate with her expertise, experience and recent CiLCA qualification.</p> |
| | <p>Are other payments to employees reasonable and approved by the council?</p> | <p>Yes</p> |

| Internal control | Test | Observations |
|---------------------|--|---------------------------------------|
| | 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 |
| | Where appropriate, are these inspected annually | Yes |
| | Are the assets and Investments registers up to date? When were these last reviewed? | Yes |
| | Do asset insurance valuations agree with those in the asset register? | No |
| Bank reconciliation | Is there a bank reconciliation for each account and is this reported to council? | Yes. Circulated and signed by members |
| | 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 – Receipts and Payments |
| | Do accounts agree with the cash book? | Yes |
| | 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 | Have the minutes been signed by the chairman | Originals not seen – On website |
| | Has the chairman initialled each page of the Minutes book | Originals not seen On website |
| | Has the chairman signed the year end bank reconciliation | To be presented at May meeting |
| | Is eligibility for the General Power of Competence properly evidenced? | N/A Council uses S 137 |

| Internal control | Test | Observations |
|---|---|-------------------------------|
| | Have points raised on the last Internal Audit report been considered by council and actioned? | Yes. |
| 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 on website? | Yes included in the minutes. |
| | Electors' rights advertised on website? | Yes – at the appropriate time |
| | Councillors' responsibilities detailed on website? | Yes |
| | Last financial year's Annual Return on website? | Yes |
| | Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use) | No |
| Allotments | Has a list of allotment holders with amounts paid to Council been submitted? | Yes |
| | Have fees for the allotments been reviewed and agreed by Council? | Yes |
| Councils with charities only | Have Charities reported and accounted separately? | N/A |
| | Have the Charity accounts been independently audited? | N/A |
| | Have the Charity accounts and Annual Return been filed within the legal time limit? | N/A |

.....
Signed

.....
Date