

Keswick and Intwood Parish Council

Internal Audit Report
Financial Year 2022/23

Prepared by Sonya Blythe
22 April 2023

I have completed an internal audit of the accounts for Keswick and Intwood Parish Council for the year ending March 2023.

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 – tallies with bank accounts
	Is the cashbook regularly balanced?	Yes – 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	May 2022, per minutes
	Date Financial Regulations last reviewed	May 2022, per minutes
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – record from invoice to minutes to cashbook to bank accounts.
	Has VAT on payments been identified, recorded and reclaimed?	VAT is accounted for on cashbook. No claim made since 2021.
	Is s137 expenditure separately recorded and within statutory limits?	Power unused
	Have S137 payments been approved and included in the minutes as such?	Power unused
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?	Financial risks assessed February 2023 with new Internal Controls document. Can't see general risk assessment or asset check
	Is insurance cover appropriate and adequate?	Yes, policy seen

Internal control	Test	Observations
Budgetary controls	Are internal financial controls documented and regularly reviewed?	Internal Controls document updated with Council February 23
	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – minutes February 2022 for 22/23 budget year
	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 – quarterly spend against budget reports provided to Council and uploaded to website
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	All recorded on cashbook. Only income precept and bank interest, both paid by BACS
	Does the precept recorded agree to the Council Tax authority's notification?	£6000 in February 2022 minutes £6000 on remittance slips from SNDC £6000 received in bank accounts
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?	No
	Do salaries paid agree with those approved by the council?	Yes – payslips seen and match bank accounts and minutes
	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 sheet seen
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, HMRC records supplied
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 – April 23
	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, taken to Council and uploaded to website quarterly
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes, as above
	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?	Yes £15599.70 on cashbook and bank accounts
Procedural	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes – invoices all recorded in minutes and appear on bank statements
	Is eligibility for the General Power of Competence properly evidenced?	N/A (commencing May 23)
	Have points raised on the last Internal Audit report been considered by council and actioned?	Update Standing Orders to 2020 version - 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 detailed on website?	Yes, included in minutes

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. Reading Rooms leased.

Summary:

Thank you to Sam for providing information and answering questions 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 accounted for properly in your cashbook
- 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

Recommendations / items to note:

-In addition to the financial risk assessment carried out by the Council, you should also ensure that a general risk assessment is carried out, which includes items such as how you control asset checks and how you would manage loss of knowledge through resignation of Councillors or the Clerk etc.

-From the minutes it seems that the Council are responsible for the Reading Rooms - signing the lease and paying for maintenance - yet have no formal sight of the accounts or any management responsibilities. I would urge you to keep this matter under review with NALC and the Reading Rooms Committee until you are certain of what your responsibilities would be if the Committee were to resign or if large repairs were required. If you are responsible for the building I would recommend as a minimum an annual

minuted meeting with the Committee to formally consider how the building is managed, to set hire fees, and to view the accounts.

-The Clerk has not been issued with a contract of employment, despite being in post for over a year. Employers must give employees a contract within 2 months of the start of employment. This must include information about pension schemes and remuneration. Please issue a contract asap. A template NALC contract can be found on their website.

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

Sonya

Sonya Blythe
Internal auditor