Keswick and Intwood Parish Council

Internal Audit Report
Financial Year 2023/24

Prepared by Sonya Blythe
8 April 2024

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

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
	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	June 23 minutes
	Date Financial Regulations last reviewed	June 23 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 account
	Has VAT on payments been identified, recorded and reclaimed?	Yes, separate line in cashbook and claim received March 24
	Is s137 expenditure separately recorded and within statutory limits?	N/A – holds GPOC
	Have S137 payments been approved and included in the minutes as such?	N/A – holds GPOC
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, Sep 23 minutes
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	Feb 23 minutes

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 – approved January 23 minutes 2425 – approved February 24 minutes
	Has the precept been calculated from the budget and been approved?	2325 – approved as £6000 2425 – approved as £7385
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes, report minuted each meeting
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes – all receipts BACS
	Does the precept recorded agree to the Council Tax authority's notification?	£6000 cashbook £6000 bank statements
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?	Contract agreed in June minutes and checked
	Do salaries paid agree with those approved by the council?	Yes National increment and back pay applied November 2023
	Are salaries above the National Living Wage/Minimum Wage?	Yes Some months without payment
	Are other payments to employees reasonable and approved by the council?	Yes, expenses seen No working from home allowance paid

Internal control	Test	Observations
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, payslips and HMC submissions seen
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?	February 2024 minutes
	Do asset insurance valuations agree with those in the asset register?	Yes, policy checked
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?	Minutes 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 £16451 Statements £16451.16
	Has a year-end bank reconciliation been undertaken?	Yes, £16,451.16
	Is there an audit trail from underlying financial records to the accounts?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Yes, May 23 minutes
	Have points raised on the last Internal Audit report been considered by council and actioned?	Contract issued – yes Risk assessment – yes Reading room accounts – in hand
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 within 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 of report:

Thank you to Samantha for supplying all the documentation so promptly.

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

- 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 ** see note below

- 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". I note from your February minutes that this is in hand.

Payroll – There were several months where Samantha was not paid, because Council didn't meet. It's not best practice for a contracted member of staff to wait over a month to be paid. Salaries are a contractual obligation and therefore do <u>not</u> require authorisation at meetings. I would recommend that a monthly standing order is set up for Samantha's salary.
In addition, Council's who do not have an office usually pay their Clerk a working from Home allowance. This can be up to £6 a week and is tax free, and is in lieu of the Council having to pay for office expenses. It covers items such as the clerk's phone, electricity and heating for their home office. It would be worth Council giving consideration to this.

Sonya

Sonya Blythe
Internal auditor