

Stratton Strawless

Internal Audit Report

For Stratton Strawless Parish Council

Financial Year 2022/23

Including Explanatory Notes for Annual Return
(where a 'no' has been marked)

Prepared by Sarah Hunt
6th June 2023

Mrs Sarah Hunt
58 Hercules Road
Hellesdon
Norwich
Norfolk NR6 5HH

01603 498028

sbmr@hotmail.com

I have completed an internal audit of the accounts for Stratton Strawless Parish Council for the year ending 31st March 2023. My findings are detailed below using the tests provided in the Governance and Accountability document. I would like to thank the Clerk / RFO for providing me with all the information required for the Internal Audit.

Internal Control	Test	Observations / Recommendations
Proper bookkeeping	Is the cash book maintained and up to date?	yes
	Is the cash book arithmetically correct?	yes
	Is the cash book regularly balanced?	yes
Standing Orders, Financial Regulations, and Payment Controls	Has the Council formally adopted Standing Orders and Financial Regulations?	S/O's & F. R's out of date – Procurement should be increased to 30k from 25k.
	Date Standing Orders last reviewed	June 2021
	Date Financial Regulations last reviewed	June 2021
	Has a Responsible Financial Officer been appointed with specific duties?	yes
	Have items or services above the de minimus amount been competitively purchased?	n/a
	Are payments in the cash book supported by purchase orders, invoices, authorised and minuted?	yes
	Has VAT on payments been identified, recorded and reclaimed?	No. The Clerk does not know when the last claim was undertaken. Probably 2020.
	Is S137 expenditure separately recorded and within statutory limits?	Not recorded separately.
	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?	Financial Risk Assessment not adopted by council.
	Is insurance cover appropriate and adequate?	Schedule not available.

Internal Control	Test	Observations / Recommendations
	Are internal financial controls documented and regularly reviewed?	No – see recommendations
Budgetary Controls	Has the Council prepared an annual budget in support its precept and has this been minuted as being approved?	Budget presented to full council – advice given to clerk on presentation.
	Has the precept been calculated from the budget and been approved?	yes
	Does the budget include an actual completed year?	No – advice given to clerk
	Is actual expenditure against budget regularly reported to the Council?	No – see recommendations
	Has the Council agreed a General Reserve Policy and is this figure reflected in the 'free balance'?	No – see recommendations
	Are there any significant unexplained variances from budget?	No
Income Controls	Is income properly recorded and promptly banked?	Yes – no cash to be banked.
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	No cash.
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
	Do salaries paid agree with those approved by the Council?	Yes
	Are salaries above the National Living Wage / Minimum Wage?	Yes

Internal Control	Test	Observations / Recommendations
	Are other payments to employees reasonable and approved by the Council?	Yes
	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 – to be reviewed
	Are the assets and investments registers up to date? When were these last reviewed?	Yes
	Does the asset insurance valuations agree with those in the asset register?	No insurance schedule seen.
Bank Reconciliation	Is there a bank reconciliation for each account and is this reported to Council?	Yes – suggest figures are recorded in minutes.
	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 on 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	Is eligibility for the General Power of Competence properly evidenced?	n/a

Internal Control	Test	Observations / Recommendations
	Have points raised on the last Internal Audit report been considered by Council and actioned?	Some – see recommendations
Transparency: For smaller councils with turnover under £25,000	Are minutes for the whole year on the website?	Yes
	Are agendas for the whole year on the website?	Yes
	Are payments over £100 detailed on the website?	Payment lists uploaded monthly.
	Have electors' rights been correctly advertised on the website, including explanatory notes?	No.
	Are councillors' responsibilities detailed on the website?	n/a
	Is the last financial year's Annual Return on the website?	Yes
	Are the land and building asset details on the website?	n/a
Councils that are Burial Authorities	Are fees levied in accordance with the Council's approved scale of fees and charges?	n/a
	Have fees for the cemetery been reviewed and agreed by the Council?	n/a
	Were comparisons made with other cemeteries prior to setting the fees?	n/a
	Have burial books been kept up to date and are they safely stored?	n/a
Councils with Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	n/a
	Have fees for the allotments been reviewed and agreed by Council?	n/a
Councils with Charities	Are all Charities up to date with Charity Commission filing requirements?	n/a
	Has the Council been named as Sole Trustee on the Charity Commission Register?	n/a

Internal Control	Test	Observations / Recommendations
	Is the Council acting in accordance with the Charity Trust Deed?	n/a
	Are the Charity meetings and accounts recorded separately from those of the Council?	n/a
General Data Protection Regulation	Has the Council adopted a Data Protection Policy?	No
	Has the Council put in place Privacy Notices?	No
Miscellaneous	Is the Council registered with the Information Commissioners Office?	yes
	Does the Council's website meet accessibility requirements (random sample)	Improvements necessary.

Summary of Recommendations:

1. That the Clerk completes a VAT return – as advised last year.
2. That the Council reviews an Internal Financial Control Policy annually in accordance with the Financial Regulations adopted.
3. That the Council approve a Financial Risk Assessment and Internal Control document. As advised last year.
4. That the period for the exercise of public rights is available on the website.
5. That the Asset register be reviewed. That this be used to inform both insurance cover and also the AGAR figures.
6. The Council must set the precept against a budget – and review spending against the budget throughout the year.
7. Council must, by law, consider a general reserve policy.
8. S137 Payments must be minuted separately and accounted for in a separate cash book column.

Observations

I have brought a small number of additional minor observations to the clerks attention. I would advise Council that the issues and on-compliance seen are indicative of Council not employing a Clerk for sufficient hours. The Clerk is clearly able, however there are not sufficient hours available to ensure that necessary tasks are undertaken.

I would bring the following matters to the attention of the Council:

As recommended last year the Council is entitled to claim VAT under VAT126.

The Council has not adopted adequate internal control process nor up to date standing orders or a financial risk assessment.

Policies and procedures must be reviewed regularly and in accordance with legislation and also adopted guidance.

I would like to thank the Clerk for a well presented set of accounts and audit documents.

Signed: Sarah Hunt

Date: 6th June 2023

Notes to accompany the Internal Audit Report – to be published alongside Page 3 of the Annual Governance Annual Return

Statement C. The Council has not reviewed any risk assessments within the financial year – in particular it must undertake a financial risk assessment which is currently not in place.

Statement D. The Council is not setting precept against a budget showing at least one years actual figures, nor is it reviewing spend against budget during the year.

Statement L. The Asset register is not available on the website, Agenda back up paperwork is not available, this includes annual budget paperwork.

Statement M. The exercise of public rights was not on the website, nor were the agreed dates. The agreed dates did not include the necessary dates in July.

I recommend that the Council ticks 'No' to Boxes for the following reasons:

Box 4. See statement M above.

Box 5. No Internal Controls adopted. No Financial Risk Assessment.

Box 7. Some items raised at last year's internal audit have not been addressed.

Sarah Hunt
Internal Auditor
6th June 2023