

# **Fleggburgh Parish Council**

Internal Audit Report  
Financial Year 2022/23

Prepared by Sonya Blythe  
1 June 2023

I have completed an internal audit of the accounts for Fleggburgh 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
	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	November 22, per minutes
	Date Financial Regulations last reviewed	July 21, per minutes
	Has a Responsible finance officer been appointed with specific duties?	Locum Clerk is RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Invoices seen, majority of payments recorded in minutes, and tracked through bank accounts.  Some income remittances not available.
	Has VAT on payments been identified, recorded and reclaimed?	VAT accounted for in cashbook. Claim made November 22.
	Is s137 expenditure separately recorded and within statutory limits?	Yes – separate column in cashbook
Have S137 payments been approved and included in the minutes as such?	No – payment in November minutes but not identified as S137	
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 – March 23.  Undated general risk assessment on website. This confirms regular safety checks of assets are carried out.

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Seems adequate for fidelity / liability purposes. The schedule provided doesn't detail property / asset values so can't check those.
	Are internal financial controls documented and regularly reviewed?	Internal Controls adopted in March 23
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Minuted December 21 for 22/23 budget year.
	Has the precept been calculated from the budget and been approved?	Yes, precept amount not minuted.
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Not recorded in minutes as happening
	Are there any significant unexplained variances from budget?	No budget monitoring document
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Not recorded in minutes, but AGAR and cashbook record £7320  Remittance: only April available, £5559.50 (inc. delegated services and support grant)
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Employment terms seen for locum Clerk
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	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, payslips and P60 seen
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes



Internal control	Test	Observations
		<p>The budget should be publicised with the minutes, or on the website for good transparency: No</p> <p>Village hall - Council to ensure that all necessary insurances and leases are in place with regard to this: can't see this within minutes.</p> <p>Minutes do not reflect Council considering the Insurance Schedule. Policy agreed September. No evidence of discussion.</p> <p>Bank reconciliation - It is good practice to minute the amounts for transparency, and for these to be regularly provided to Council along with budget v's expenditure: Not regularly.</p>
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?	Everything over £100 included in minutes, couple of smaller payments from minutes missing earlier in the year.
	Electors' rights advertised on website?	Published (though mislabeled as Annual Governance and Accountability Return. Outside the required dates.
	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)	Yes	

## Summary:

Thank you to Lolly 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 and your year-end bank reconciliation.
- 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 seems adequate, though asset valuations should be checked
- I confirm that your payroll management meets requirements
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

## Recommendations / items to note:

1. S137. S137 is correctly used to make payments, for the wreath (as identified in your cashbook). However use of this power should be separately recorded within the minutes and accounts in future, as directed by NALC:  
*“-As Councillors are collectively expressing an opinion as to the commensurate local benefit, the expenditure under section 137 must be properly authorised by resolution.*  
*-Pursuant to s.137 (7), a separate account must be kept of expenditure under the section. For many councils, all that is necessary is to have a separate column in the cash book. Steps need to be taken with computerised book-keeping to see that a total of the spend to date under this section is available on request”*
2. You have had very few bank reconciliations through the financial year, and no spend against budget reports have been recorded in the minutes. These are both important documents in ensuring that Council are managing finances and are aware of whether they have enough money to be able to make payments. As there was a budget setting process and as you have EMRs in place I have ticked Box D, but in order to completely satisfy this requirement, budget monitoring should be added to your meetings quarterly as a minimum.
3. There are items from last years internal audit that have not been completed. These have been highlighted above. These actions should be completed as a matter of urgency.
4. Elector Rights were published outside of the required timeframe. They should cover the first ten working days of July. Yours were 29 September to 10 November. I therefore am unable to sign box M of the Internal Audit Report.

Sonya Blythe  
Internal auditor