Forncett Parish Council

Internal Audit Report
Financial Year 2023/24

Prepared by Sonya Blythe
9 April 2024

I have completed an internal audit of the accounts for Forncett Parish Council for the year ending March 202.

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, updated monthly
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	March 23 minutes
	Date Financial Regulations last reviewed	May 3 minutes
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, clear trail from invoices, to minutes, to bank account
	Has VAT on payments been identified, recorded and reclaimed?	Yes, separate cashbook column. Reclaim received April 23.
	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
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 management – March 23 minutes General Risk management – March 24 minutes
	Is insurance cover appropriate and adequate?	Yes, schedule seen

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	May 23 minutes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	2324 – minuted as approved 2425 – minuted at approved
	Has the precept been calculated from the budget and been approved?	2324 – yes, minuted as £12000 2425 – yes, minuted as £12000
	Does the budget include an actual completed year?	No but contains estimate to end of current year
	Is actual expenditure against budget regularly reported to the council?	Yes
	Are there any significant unexplained variances from budget?	Yes
Income controls	Is income properly recorded and promptly banked?	Yes,
	Does the precept recorded agree to the Council Tax authority's notification?	Precept remittance £12000 Bank account £12000
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, seen in 2023
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes Pay award awarded. *Contractual obligation so does not need to be approved by Council.
	Are other payments to employees reasonable and approved by the council?	Yes, expense claims seen

Internal control	Test	Observations
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, P60 seen, pension conts and HMRC payments made regularly
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?	Reviewed as litter hoops and batteries added, but not recorded in minutes during year
	Do asset insurance valuations agree with those in the asset register?	It would be worth reviewing the register with a new replacement value column, so this can be easily checked
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes, minutes record financial report each month
	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 using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, R&P
	Do accounts agree with the cash book?	AGAR £24441 Statements £24440.79
	Has a year-end bank reconciliation been undertaken?	Yes £24440.79
	Is there an audit trail from underlying financial records to the accounts?	Yes, trail from invoice to bank account debits
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?	Electors rights to be published - 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, payment 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
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	One payment from association
	Have fees for the allotments been reviewed and agreed by Council?	Set in 2021 until 2034
Councils with charities only	Have Charities reported and accounted separately?	Parish Council are Trustees of the Forncett Parochial Charity (which has no bank account and no income). Annual minutes of Charity meeting viewed
	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

Summary of report:

Thank you to Anne for supplying all the documentation 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 claimed within the past year

- 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

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". As you use a Gmail email this may be worth looking at when budget setting in 2425.

Your Financial Risk assessment should be reviewed annually along with the general risk assessment, so that you are confident all risk is being managed.

It might be helpful to update your asset list, so that it includes the purchase date of items (for items going forward) and also a new column for the replacement cost of items. Although the AGAR requires the purchase price of items be reported, from an insurance point of view the replacement cost column is helpful to check that your insurance is adequate. The annual review of the asset list should also be minuted.

Sonya

Sonya Blythe
Internal auditor