

# **Great Moulton Parish Council**

Internal Audit Report  
Financial Year 2022/23

Prepared by Sonya Blythe  
7 May 2023

I have completed an internal audit of the accounts for Great Moulton 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?	Unsure – balances received each meeting, but no spend against budget, reconciliation or other financial reports
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	May 22 minutes, out of date version
	Date Financial Regulations last reviewed	May 22 minutes
	Has a Responsible finance officer been appointed with specific duties?	Clerk was RFO. Currently role being undertaken by a Councillor
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Mostly – invoices and cashbook match. Could not check all bank statements as not available at this time, and some invoices left off minutes, including a payment of £4150 to Westcotec.
	Has VAT on payments been identified, recorded and reclaimed?	No claim since summer 2021.  Recorded correctly in cashbook ready for claim to be submitted.
	Is s137 expenditure separately recorded and within statutory limits?	Column in cashbook separately recorded
	Have S137 payments been approved and included in the minutes as such?	Cashbook shows four payments made under S137. Only one payment recorded as such in minutes
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?	Not during 22/23. Undertaken May 23

Internal control	Test	Observations
		New RA carried out for SAM2 cameras in summer 22
	Is insurance cover appropriate and adequate?	Council had five months without a policy as previous Clerk did not issue payment despite Council approval.  Policy now in place.
	Are internal financial controls documented and regularly reviewed?	Reviewed in May 22 minutes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes, December 21 minutes for 22/23 accounts
	Has the precept been calculated from the budget and been approved?	Approved as £7121
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	No
	Are there any significant unexplained variances from budget?	Overspent on bus shelter and dog bin budget lines, but generally underspent
Income controls	Is income properly recorded and promptly banked?	All in cashbook. Everything paid by BACS
	Does the precept recorded agree to the Council Tax authority's notification?	Cashbook £7121  Remittances not stored, but bank statements show £7121
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?	Previous Clerk – contract can't be found.



Internal control	Test	Observations
		New Clerk (1 April 23) will have NALC contract in place
	Do salaries paid agree with those approved by the council?	Yes. November 22 national pay award correctly received
	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 – following auditor advice PAYE registration has been undertaken
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?	May 22 meeting by Council, and updated year-end
	Do asset insurance valuations agree with those in the asset register?	Valuation schedule not available but asset list updated and will be reviewed at next renewal
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Balances received each meeting
	Is a bank reconciliation carried out regularly and in a timely fashion?	Not stated in minutes. The fact Council were not aware that some cheques had been signed but not posted (eg insurance and ICO) indicates that reconciliations were not carried out or certainly not shared with Council
	Are there any unexplained balancing entries in any reconciliation?	No, year end balances with March 23 statements
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 £18121 Bank statements £18121.08
	Has a year-end bank reconciliation been undertaken?	Yes £18,121.08
	Is there an audit trail from underlying financial records to the accounts?	Mostly – not all payments in minutes, and some payments in

Internal control	Test	Observations
		minutes not sent off at time. Did not check all bank statements.
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A
	Have points raised on the last Internal Audit report been considered by council and actioned?	Register with the ICO – Yes, March 23  Urgent registration with HMRC for PAYE must take place – 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?	Recorded in minutes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	No
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	No land owned

### Summary:

Thank you to Carol 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.
- I have confirmed that your Financial Regulations are up to date.
- I have noted that your VAT has been accounted for within your cashbook
- I have verified that your insurance is adequate for liability insurance. I did not see the asset valuations within the policy but would assume that you check these when renewing your policy each year
- I confirm that your payroll management now meets requirements



- I have reviewed your budget setting process
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

**Recommendations / items to note:**

1. The 2020 updates to contract amounts in your Standing Orders have not been made. I **recommend** these are updated when you next review the Standing Orders.
2. No risk assessment was carried out in 22/23 and for a five month period the Council had no insurance in place due to payment not being sent. Box C of the AGAR states "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these". It is challenging to tick this box, however as a SAM2 risk assessment was completed in 22/23 and a full RA in May 2023 I have done so.

**Recommendation: ensure that risk assessments and associated activities such as asset checks are undertaken at least annually.**

3. Council do not seem to have received bank reconciliations or any spend against budget reports throughout the year, although balances were reported at each meeting. Without these it is difficult for Councillors to monitor the accounts. For example if you were regularly reviewing bank reconciliations you may have noticed that payment for insurance had not been taken. These reports should be added to your agendas as a regular occurrence. In addition a designated Councillor should check the bank statements regularly to ensure they tally with the reports. Box I of the AGAR states that "Periodic bank account reconciliations were properly carried out during the year". Without this regular monitoring I am unable to tick Box I of the Internal Audit report.

**Recommendation: bank accounts should be reconciled monthly and added to Council agendas to receive. Monitoring spend against budget should be brought to Council at least quarterly.**

4. Spend under the S137 power should be separately recorded in your minutes as such.
5. Box N of the AGAR states "The authority has complied with the publication requirements for 2021/22 AGAR". Unfortunately the AGAR and associated papers (excluding the Notice of Elector Rights) were not uploaded. Therefore I am unable to mark this box as completed.

**Recommendation: Follow advice from the External Auditor on what information to publish.**

Thank you

*Sonya*

Sonya Blythe  
Internal auditor