

Deopham & Hackford Parish Council

Internal Audit Report

Financial Year 2021-22

Prepared by Sandra Lain, 25 May 2022

I have completed an internal audit of the accounts for Deopham & Hackford Parish Council for the year ending 31 March 2022. My findings are detailed below using the tests provided in the Governance and Accountability Practitioners Guide (England) 2022.

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

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
	If bank balances are in excess of £100,000 is there an appropriate investment strategy?	n/a
Standing Orders, Financial Regulations and payment controls	Has the Council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed. Is this based on the latest version of Standing Orders?	Updated March 2022
	Date Financial Regulations last reviewed. Is this based on the latest version of Financial Regulations?	Updated May 2022
	Has a Responsible Financial Officer been appointed with specific duties?	Yes
	Have items or services above the de minimus amount been competitively purchased?	Yes
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes
	Is there effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments?	Yes
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	If debit/credit cards are in use, what are the total monthly and individual transaction limits?	N/A

Internal control	Test	Observations
	Are there appropriate controls over physical security and usage of the cards?	N/A
	Is s137 expenditure separately recorded and within statutory limits?	N/A
	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?	Yes
	Are appropriate arrangements in place, for example, for monitoring play areas, open spaces and sports pitches?	Yes
	Is insurance cover appropriate and adequate for land, buildings, public, employers' and hirers' liability, fidelity/employee/councillors' liability, business interruption and cyber security?	Yes apart from business interruption & cyber security
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the Council prepared an annual budget in support of its precept and has this been minuted at a Full Council meeting as being approved?	Yes Item 6.1 01/12/21
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the Council?	Yes
	Are there any significant unexplained variances from budget?	No
	Has the Council considered the establishment of specific earmarked reserves and reviewed them?	Yes
Income controls	Is income properly recorded and promptly banked?	Yes

Internal control	Test	Observations
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
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
	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
	Is the assets register up to date? When was this last reviewed? Are additions and disposals in-year clear?	Yes 06/04/22
	Do asset insurance valuations agree with those in the asset register?	Yes
	Does the asset value to be reported in the AGAR (section 2, Box 9) equate to the prior year reported value, adjusted for the nominal value of any new acquisitions and/or disposals?	Yes
	Are all long-term investments (i.e. over 12 months) covered by an investment strategy?	N/A
	If a loan has been taken out, are repayments reported to the Council?	N/A
	If the Council issued a loan to a local body, are there signed indemnities from	N/A

Internal control	Test	Observations
	the recipient body, or their members, agreeing to underwrite the loan debt?	
Bank reconciliation	Is there a bank reconciliation for each account and is this regularly reported to Council?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	N/A
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cashbook?	Yes
	Has a year-end bank reconciliation been undertaken?	[verify the accuracy of the year-end bank reconciliation and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, Box 8] YES
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	Yes
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?	Yes
	Has the Council demonstrated that during the previous financial year it correctly provided for the exercise of public rights, as required by the Accounts and Audit Regulations? [Full publication requirements are detailed on page 1 of the AGAR.]	Yes
Exemption from external audit: Only for smaller councils with receipts and payments each	If the Council certified itself as exempt in the prior year, did it meet the exemption criteria and declare itself exempt? <i>[Confirm that the certificate was prepared and minuted by the Council within the statutory submission deadline.]</i>	Yes

Internal control	Test	Observations
totalling less than £25,000	<i>Confirm that the required information was published on the Council's website.]</i>	
Adherence to the Transparency Code: Only for smaller councils with receipts and payments each totalling less than £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	No not applicable as it's a very small council
	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
Burial Authorities only	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 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
Allotments only	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
Hall/room hire only	Is there an effective diary system for bookings in place identifying the hirer, hire times, and ideally cross-referenced to invoices raised?	N/A

Internal control	Test	Observations
Leases and other income streams	Are leases reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time? Is there an audit trail from invoicing to receipt of income/chasing of debtors?	Yes
Councils with charities only	Have Charities reported and accounted separately?	N/A
	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
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council carried out an information audit?	No
	Has the Council put in place a privacy notice and policy?	Yes
Website accessibility (relates to the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018)	It is a legal requirement for councils to publish a website accessibility statement on its website. Has the Council published this statement?	Yes
	Has the Council updated and reviewed its statement [must be reviewed annually]?	No – was due for review in September 2021

Summary of my recommendations

I would like to thank Jordana Wheeler for maintaining an accurate and well presented record of your accounts and activities. She has also been very prompt in responding to my email queries.

Below I have listed items that need addressing:-

1. It was highlighted that an overpayment of £8.84 was made on JW invoice dated 23/06/21 but I cannot find a document that confirms this has been rectified.
2. Can the ROSPA report and also the findings from your visual inspections during the course of the year be minuted.
3. JW contract states that she will provide the council with evidence that she has the correct insurance cover for working at home. I can see no evidence of this.
4. JW contract states an annual appraisal is due in September. I can see no evidence of this.

5. Can you consider enhancing your insurance cover to reflect the risk of business interruption and cyber liability.
6. GDPR states an information audit is required. I understand this has not been done.
7. The website accessibility statement needs to be reviewed annually. The website states it was due for review September 2021
8. Consider payments by BACS rather than cheque.
9. If you require additional funding for the new play equipment please check Saffron Housing website as they offer grants up to the value of £5,000. (Home/Tenants/Get involved/Community Foundation).

Kind regards Sandra Lain 25/05/2022

A handwritten signature in black ink, appearing to read 'Sandra Lain', written in a cursive style.