

Rackheath Parish Council

Internal Audit Report

For Rackheath Parish Council

Financial Year 2020/2021

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

Prepared by Tina Page
29th April 2021

I have completed an internal audit of the accounts for Rackheath Council for the year ending 2020/21. My findings are detailed below using the Regulations provided in the Governance and Accountability (England) 2020.

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

Total Receipts	£103,652.39
Total Payments	£76,166.74
Total Reserves	£88,732.42
Precept	£49,000.00

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes – using Scribe
	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?	Evidence on website:
	Date Standing Orders last reviewed	January 2021
	Date Financial Regulations last reviewed	May 2020
	Has a Responsible finance officer been appointed with specific duties?	Evidence of contract and job description.
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	There are no purchase orders. <i>See comments.</i>
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is s137 expenditure separately recorded and within statutory limits?	Yes
	Have S137 payments been approved and included in the minutes as such?	Yes
Does a review of the minutes identify any unusual financial activity?	No	
Risk management arrangements	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	May 2018, needs to be reviewed annually.

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Certificate received. Evidence of Employers Liability £10,000,000 Public Liability £10,000,000 and Fidelity Guarantee £250,000
	Are internal financial controls documented and regularly reviewed?	Yes. Should be done once every quarter, but evidence shows 17/10/20
	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	No annual budget, but precept was recorded and agreed in Precept agreed Dec 2020 item 123 although the years are incorrect, although correct on the precept form. Minutes were approved 21/1/21. Precept for 20/21 was approved Dec 2019 item 9c £49,000
Budgetary controls	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
	Is income properly recorded and promptly banked?	Yes.
Income controls	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	Yes
	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/a
Petty cash procedures	Is petty cash expenditure reported to each council meeting?	N/a
	Is petty cash reimbursement carried out regularly?	N/a

Internal control	Test	Observations
	Do all employees have contracts of employment with clear terms and conditions?	Yes
Payroll controls	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
Asset controls	Have PAYE/NIC been properly operated by the council as an employer?	Yes.
	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?	Yes
	Do asset insurance valuations agree with those in the asset register?	Yes
	Is there a bank reconciliation for each account and is this reported to council?	Combination of 4 accounts, but well written bank reconciliations. <i>See comments</i>
Bank reconciliation	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	Is the value of investments held summarised on the reconciliation?	Yes
	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes - Receipts and Payments
	Do accounts agree with the cash book?	Yes
	Can you agree the Bank balance brought forward from previous year	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes

Internal control	Test	Observations
	Where appropriate, have debtors and creditors been properly recorded?	N/a
	Is eligibility for the General Power of Competence properly evidenced?	No – S137
Procedural	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes
	Has last year's minutes recorded the appointment of an Internal Auditor and agreed the costings	No
Transparency: For smaller councils with turnover under £25,000 And over £200,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	On the new website there is evidence of the agendas, but this is replaced with the minutes
	Payments over £500 detailed on website £100 for councils under £25,000?	Evidence in minutes.
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	No responsibilities, but all Councillors on the website
	Last financial year's Annual Return on website?	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	No
	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/a
Burial Authorities only	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

s7.9 Bacs payments, two Councillors should sign the invoices. No signatures.

- Bank Reconciliations: Financial Regulations s3.2 stated that a member shall sign the bank reconciliations and the original bank statements as evidence of verification each quarter and at year end. The conclusions shall be recorded at the Full Council meeting. There is no authorization on the monthly back reconciliations. Although looking at the bank statements there is clear evidence that there is some cross checking going on.
- Under the website for Councillors, the last year election date is incorrect, it should read May 2019, not 2015.
- Good effectiveness of Internal Control.
- I cannot see any evidence of the Budget being approved, although it is on the website.
- It would be a good idea, to review your budget at a full council meeting, quarterly or six monthly, to make sure you are on track.

Authorising of the bank reconciliations and the invoices has been hard over this financial year, since we are not meeting face to face.

Signed:*Tina Page*..... Date: 29th April 2021