

Rackheath Community Council

Internal Audit Report

For Rackheath Community Council

Financial Year 2021/22

Including Explanatory Notes for Annual Governance &
Accountability Return

Prepared by Tina Newby
8th May 2022

I have completed an internal audit of the accounts for Rackheath Community Council for the year ending 2021/22

My findings are detailed below using the Regulations provided in the Governance and Accountability (England) 2021

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

Balance b/f	£88,732.42
Total Receipts	£96,346.93
Total Payments	£78,069.56
Total Reserves	£107,009.79
Precept	£49,980.00

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	Standing Orders reviewed Jan 2022
	Date Financial Regulations last reviewed	Financial Regulations reviewed March 2022
	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>All seems in order – well done</i>
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is s137 expenditure separately recorded and within statutory limits?	Yes, now appointed the General Power of Competence. Approved in July July 21 and added to the Risk Assessment
	Have S137 payments been approved and included in the minutes as such?	Yes. Column shows S137/GPoC
	Does a review of the minutes identify any unusual financial activity?	No

Internal control	Test	Observations
	Review and adopt the Code of Conduct	Reviewed March 2022
	Data Projection	Adopted and reviewed, Although the Privacy statement refers to COVID-19
	Register with ICO	The payment has gone through as a D/D, but no certificate available or on the website.
Risk management arrangements	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Reviewed and adopted March 2022. Pavilion Risk Assessment Reviewed March 2022 COVID Risk Assessment review Jan 2022
Budgetary controls	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. Renewal date June 2022
	Are internal financial controls documented and regularly reviewed?	Yes. Very regular.
	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes Council meeting 14/12/2021, item 177 (a) (b)
	Has the precept been calculated from the budget and been approved?	Yes Council meeting 14/12/2021, item 177 (a) (b)
	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.
	Does the precept recorded agree to the Council Tax authority's notification?	No, I have not seen the Precept form to BDC.
Are security controls over cash and near-cash adequate and effective?	Yes	

Internal control	Test	Observations
Petty cash procedures	Is petty cash expenditure reported to each council meeting?	N/a
	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/a No petty cash
	Is petty cash reimbursement carried out regularly?	N/a
	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
	Have PAYE/NIC been properly operated by the council as an employer?	Yes.
Asset controls	Do you have sight of P60s / P45s	No. The P60s have not been produced, but the payroll is outsourced. The Clerk has been trying to obtain these
	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
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Combination of 4 accounts, well produced bank reconciliations.
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Yes

Internal control	Test	Observations
Year-end procedures	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
	Where appropriate, have debtors and creditors been properly recorded?	N/a
	Is eligibility for the General Power of Competence properly evidenced?	Yes, this needs to be minuted again in May 2023
	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes May 2021
	Has last year's minutes recorded the appointment of an Internal Auditor and agreed the costings	Yes, but no costings
	Minutes for whole year on website?	Yes
Payments over £500 detailed on website £100 for councils under £25,000?	The Transparency for this Community Council is between the Smaller code and the larger code, it is up to the Council whether they adopt this	
Councillors' responsibilities detailed on website?	Yes	
Last financial year's Annual Return on website?	Yes	
Are the Exercise of Public Rights, The Notice of Conclusion of Audit displayed	Yes – both on the website. Exercise of Public Rights Displayed 14 th June 2021, showing dates as 14/6/21 – 23/7/21	

The Transparency Code has not been implemented. This is not necessary, as your Council does not fit within the smaller authority (under 25,000) or the larger authority (over 200,000).

The AGAR and the returns have been completed in the correct order, for last year.

The Asset Register appears to have been reduced. You may want to write a statement on the Variances spreadsheet as to the reason why?

I see and note in July 2021 item 55 you agreed to change the Parish Council name, to Community Council.

There appears to be no Terms of References for the committees that you have: Park and Leisure Committee and Planning Committee. You can get a template of these and working party ones, from Norfolk Parish Training and Support Box system.

Anne, did you receive any back dated pay, back dated to 1/4/21?

Box 5 is only the loan repayments that are in the statement of accounts. Otherwise, you will have to increase your income (CiL received) and then increase box 5. As this is an 'in and out', there is no record on the accounts for this! Do you have an agreement with BDC for the loan to be paid this way? This will satisfy PKF? You cannot use this has a box 5 without adding the CiL to box 3! I think you will need evidence for this. The concern is that the District Council CiL monies, does not normally go to retrospective payments.

Box 10 the total borrowings, I cannot check.

General Reserves according to JPAG Accountability and Governance 2021, should be between 3 – 12 months of the expenses (ie Precept), item 5.32. I can see that this figure has increased.

All PKF LittleJohn related files for previous year, have been published and approved in the correct order.

Very well done. The accounts were presented well and easy to follow.

Signed:*Tina Newby*..... **Date:** 8th May 2022