

TOWN AND PARISH COUNCIL INTERNAL AUDIT TESTING

SHAROW PARISH COUNCIL

INTERNAL AUDIT REPORT

RFO: NICK REED

AUDIT: 30th APRIL 2023

YEAR ENDING: 31ST MARCH 2023

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
PROPER BOOKKEEPING	Is the cashbook maintained and up to date?	Yes – on an excel spreadsheet.	
	Is the cashbook arithmetically correct?	Yes	
	Is the cashbook regularly balanced?	Reconciled to bank statements on a regular basis	
A) STANDING ORDERS AND FINANCIAL REGULATIONS ADOPTED AND APPLIED; AND B) PAYMENTS CONTROLS	Has the council formally adopted standing orders and financial regulations?	Standing Orders and Financial Regulations were re-adopted at the Annual Parish Council Meeting in May 2021.	

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	Has a Responsible financial officer been appointed with specific duties?	Yes – Nick Reed has been appointed Clerk.	
	Have items or services above the de minimus amount been competitively purchased?	Financial Resolutions require tenders for purchases in excess of £5,000. No payments were made that exceeded this amount.	
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes – invoices seen.	
	Has VAT on payments been identified, recorded and reclaimed?	VAT was recovered once during the year.	
	Is s137 expenditure separately recorded and within statutory limits?	Yes – two grants made to the Parochial Church Council and Village Hall.	
RISK MANAGEMENT ARRANGEMENTS	Does a review of the minutes identify any unusual financial activity?	No	

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	Do minutes record the council carrying out an annual risk assessment?	The Council has a Risk Assessment which was re-adopted at the Annual Parish Council Meeting in May 2021.	
	Is insurance cover appropriate and adequate?	Insurance policy through Hiscox Insurance Company seen for the year ended 31 st May 2023. Cover includes £10m for Employers Liability and £10m for Public and Products Liability and £500k Officials and Trustees Liability.	
	Are internal financial controls documented and regularly reviewed?	These are documented within Financial Regulations.	
BUDGETARY CONTROLS	Has the council prepared an annual budget in support of its precept?	Procedures in place were sufficient bearing in mind the size of the authority. At the council meeting in November 2022 it was decided to set the precept for 2023/24 at £12,938 compared with £11,438 for 2022/23. The increase of £1500 reflected the balance to cover the purchase of the Vehicle Activated Sign.	
	Is actual expenditure against the budget regularly reported to the council?	Accounts were considered at each meeting held during the year.	
	Are there any significant unexplained variances from budget?	Not applicable	

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INCOME CONTROLS	Is income properly recorded and promptly banked?	The Council received income from precepts, HMRC VAT refunds and a donation for a campaign in respect of the Half Moon pub.	
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	
	Are security controls over cash and near-cash adequate and effective?	Not applicable	
PETTY CASH PROCEDURES	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash.	
	Is petty cash expenditure reported to each council meeting?	Not applicable	
	Is petty cash reimbursement carried out regularly?	Not applicable	
PAYROLL CONTROLS	Do all employees have contracts of employment with clear terms and conditions?	The Clerk does have a contract of employment.	

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	Do salaries paid agree with those approved by the council?	Payroll is processed by an agency, Autelia Payroll Services.	
	Are other payments to employees reasonable and approved by the council?	Reimbursement of expenses only.	
	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?	The Council's assets are recorded on an Asset Register published on its website.	
	Are the assets and Investments registers up to date?	The register includes the defibrillator which the Council took responsibility for during the year.	
	Do asset insurance valuations agree with those in the asset register?	Assets owned by the Council are included on the insurance schedule.	
BANK RECONCILIATION	Is there a bank reconciliation for each account?	Yes	

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	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?	No other investments	
YEAR-END PROCEDURES	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Receipts and payments basis used.	
	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes – supporting documentation seen.	
	Where appropriate, have debtors and creditors been properly recorded?	No accruals	

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OTHER ISSUES	Is the Council registered with the Information Commissioner?	The Council is registered with the Information Commissioner – registration number ZA435451 expiring 26 th June 2023.	
	What arrangements does the Council have for the back up of computer files?	The clerk backs up files on a cloud and two external hard drives held by him and the chair.	
	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	The Council does not operate any Trust Funds.	
	Has the Council made arrangements to comply with the Transparency Code for smaller authorities?	The Council has considered the Code and publishes minutes and agendas on the https://www.sharowparishcouncil.org/ website.	