

Briningham Parish Council

Internal Audit Report

For Briningham Parish Council

Financial Year 22 / 23

Prepared by Di Dann, CiLCA , FILCA qualified

2nd June 2023

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I have completed an internal audit of the accounts for Briningham Parish Council for the year ending 31st March 2023. My findings are detailed below using the tests provided in the **Governance and Accountability (England) March 2022**.

I would like to thank the Acting Clerk/RFO for providing me with the information, as was available, 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?	No See below
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	May 2019 - based on model docs 2018
	Date Financial Regulations last reviewed	May 2020 See below
	Has a Responsible finance officer been appointed with specific duties?	Not minuted
	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?	No
	Has VAT on payments been identified, recorded and reclaimed?	Yes See below
	Is s137 expenditure separately recorded and within statutory limits?	Separate s137 column in the cash book
	Have S137 payments been approved and included in the minutes as such?	No s137 payments made
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?	No See below
	Is insurance cover appropriate and adequate?	Yes - BHIB

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	No
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	Has the precept been calculated from the budget and been approved?	Yes – January 2023 See below
	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
Income controls	Is income properly recorded and promptly banked?	See below
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	No cash
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?	See below
	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?	No - See below
Asset controls	Does the council maintain a register of all material assets owned or in its care?	No – See below
	Are the assets and Investments registers up to date? When were these last reviewed?	No

Internal control	Test	Observations
	Do asset insurance valuations agree with those in the asset register?	No
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes – at year end To be reported to Council
	Is a bank reconciliation carried out regularly and in a timely fashion?	No
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	No – see below
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?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	No – see below
	Where appropriate, have debtors and creditors been properly recorded?	See below (Allotments)
Procedural	Have points raised on the last Internal Audit report been considered by council and actioned?	No - see below
	Policy documents routinely updated?	No – see below
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?	No
	Electors' rights advertised on website?	No

Internal control	Test	Observations
	Councillors' responsibilities detailed on website?	Not up to date
	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)	No – see below
Allotments only	Has a list of allotment holders with amounts paid to Council been submitted?	No – see below
	Have fees for the allotments been reviewed and agreed by Council?	No review has been minuted
	Is list of allotment holders and detail of fees, date received recorded?	No – see below
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council put in place a privacy policy? Is it on the website?	Unknown No
	FOI Publication Scheme Is there an FOI Publication Scheme? Is it on the website? Is it updated?	Yes Yes No – last updated May 2019

Summary of my recommendations:

I have undertaken an internal Audit for Briningham Parish Council. I am independent, competent and suitably qualified to undertake the audit. I have the CiLCA and FILCA qualification and I am a retired member of the Society of Local Council Clerks.

In respect of the Internal Auditors Form Page 4 of Part 2 AGAR, I am unable to give a "YES" answer to the following boxes: A, B, C, D, E, G, H, I, J, L, M, and N. The reasons for these "NO" answers are explained below. Recommendations are given to correct this situation.

Cash Book

The detail of the Cash Book. The Cash Book should detail payments gross, VAT and net of VAT. A separate column should be included in the Cash Book: net totals under the headings - Salaries; Administration; Allotments, Outside areas; Donations. The other columns should be s137 VAT Gross total. The Cash Book should detail all

receipts under the headings: Precept; Allotments; VAT; Other. All entries should be coded to support the audit trail i.e. Invoice number for receipts / date received; Cheque Number for payments. This information should be written on the invoices either received or sent.

The Cash Book should be reconciled to the Bank Account (at least at the half year point.) The detail of the reconciliation should be reported to Council (i.e. the actual figure work) and recorded in the minutes. Minutes should detail payments to be approved and receipts received. This is part of Internal Control.

(relevant to Box A, B, L)

Salaries

Council should approve salaries paid i.e. the increase awarded to the Clerk. Salaries should be paid through HMRC RTI. There is evidence of only two payments going through in May 2022 which advise re taxable pay. However tThere is no evidence of tax being paid to HMRC. Council should note that as an employer they are responsible for tax due. Council should also note that an employee is entitled to receive a payslip and there is no evidence of this. A P60 at year end should also be received which would advise total pay – taxable and tax due. There are payroll providers who can undertake this work for the Council or it can be undertaken by the Clerk using HMRC RTI This was noted by the Internal Audit from 21/22.

(relevant to Box G)

VAT

The VAT was reclaimed for the purchase of the laptop. There appears to be no other likely VAT refunds for the year 22/23 but without invoices and a copy of the VAT claim it can not be confirmed. If a separate VAT column was kept on the Cash Book this would enable an easier tracking system for VAT. Copies of VAT claims should be kept.

(Relevant to Box E)

Asset

Box 10 of AGAR 21/22 advises total assets of £1. This is quite obviously wrong. The Council should review the assets it holds, compile an asset register – detailing the asset the site, and either a replacement value or original purchase cost (if known). The Council should as a minimum for the financial year 2022/23 include the bench and the new lap top in its list of assets.(this information has been found in the Minutes).

(Relevant to Box H)

Risk Management

The Council has a Risk Management Policy and a Risk Schedule advertised on its website Documents Folder. These documents could be combined. The Schedule needs to be updated. For example there are risks included on this which are no longer undertaken such as Sam2 and Speed watch. Risks to be included are items such as benches and the allotment site. Risk management is vital to the financial performance of the Council.

(relevant to Box C)

Allotments

The Allotment site should be managed through an allotment policy, risk assessment and rules and regulations. The Council should hold copies of all tenancy agreements. There should be evidence of invoices being sent out to allotment holders. This should be detailed in a spreadsheet detailing all allotments, amounts due and money received.(including any refundable deposits which might have been received)
(relevant to Box E).

Budget

The budget has been compiled using comparative figures. However there was no estimate of anticipated year end balance at 31st March 2023. This should have been included. Estimated balance at 31st March 2024 should have been included. These figures would support the council in its decision making concerning the precept.

Documents

The Council should review its documents. Model Standing Orders were last issued in 2022. Financial Regulations should be reviewed to include the points detailed above. The Risk Schedule and Policy should be combined and reviewed (see above.)

Financial Documents (which have to be added to the website as required by law) but were unavailable -Electors Rights (hard copy was seen - but this should be on the website); payments over £100; list of assets (land and buildings held) – this can be done through the Asset Register. Councillor responsibilities should be up to date.
(Relevant to Boc L, M, N)

Year End Balance

It is recommended that the Chairman signs the Year End Balance and the supporting Bank Statements. It is noted that the balance at 31st March 2023 is £17954. This would be considered high for a council such as Briningham and could draw criticism from the External Auditor. This point was mentioned by the previous Internal Auditor. A Council should have as a Working Balance at Year End half the required funds for the year and the remaining monies should be identified as Earmarked Reserves for the Council (specific projects within the community).
(relevant to Box D)

The Council must complete the Annual Governance Statement for 2022/23 and would be advised to tick all boxes “NO”.

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2nd June 2023