

# Ashby St Mary Parish Council

Internal Audit Report

Financial Year 2022-23

Prepared by Lorraine Trueman, 28 April 2023

I have completed an internal audit of the accounts for Ashby St Mary Council for the year ending 31 March 2023. My findings are detailed below using the tests provided in the Governance and Accountability (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. I have carried out a sample of financial transactions in the cashbook and reviewed corresponding bank statements
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes and recorded in the minutes
	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?	Last reviewed in March 2023. The version currently being used does not make it clear which items are governed by legislation.
	Date Financial Regulations last reviewed. Is this based on the latest version of Financial Regulations?	Last reviewed in March 2023 but do not include all regulations provided by NALC
	Has a Responsible Financial Officer been appointed with specific duties?	Yes, this is the clerk
	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?	The last VAT reclaim covered to 31 March 2022. This has not been received although the clerk is

Internal control	Test	Observations
		chasing. Another claim is due to be submitted for 2022/23.
	If debit/credit cards are in use, what are the total monthly and individual transaction limits? Are there appropriate controls over physical security and usage of the cards?	n/a
	Is s137 expenditure separately recorded and within statutory limits?	Yes
	Have s137 payments been approved and included in the minutes as such?	Yes, e.g. wreath purchases recorded in September minutes
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 but a review is due July 2023
	Are appropriate arrangements in place, for example, for monitoring play areas, open spaces and sports pitches?	n/a
	Is insurance cover appropriate and adequate for land, buildings, public, employers' and hirers' liability, fidelity/employee/councillors' liability, business interruption and cyber security?	Insurance does not take into account new purchases but this is due for renewal in the next 2 months.
	Are internal financial controls documented and regularly reviewed?	No review in 2022/23 but review due Nov 2023
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?	Budget was discussed in Nov and agreed in Jan.
	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 and recorded in the minutes
	Are there any significant unexplained variances from budget?	All variances are explained

Internal control	Test	Observations
	Has the Council considered the establishment of specific earmarked reserves and reviewed them?	The council has ear marked funds
Income controls	Is income properly recorded and promptly banked?	Yes
	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?	A payroll bureau is used
Asset controls	Does the Council maintain a register of all material assets owned or in its care?	Yes and this is published on their website
	Is the assets register up to date? When was this last reviewed? Are additions and disposals in-year clear?	Yes
	Do asset insurance valuations agree with those in the asset register?	Additions need to be added when insurance is renewed in June
	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, although the website version is slightly different

Internal control	Test	Observations
Bank reconciliation	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 the recipient body, or their members, agreeing to underwrite the loan debt?	n/a
	Is there a bank reconciliation for each account and is this regularly reported to Council?	Yes, only 1 bank account at year end
	Are there any unexplained balancing entries in any reconciliation?	No
Year-end procedures	Is the value of investments held summarised on the reconciliation?	n/a
	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?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
Procedural	Where appropriate, have debtors and creditors been properly recorded?	n/a
	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?	Some actions have been taken but there are no minutes to reflect the decisions/actions
	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.]	No. The notice has been produced but this is not on the website.

Internal control	Test	Observations
Exemption from external audit: Only for smaller councils with receipts and payments each totalling less than £25,000	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. Confirm that the required information was published on the Council's website.]</i>	The exemption certificate has been completed but the minutes are not on the website, nor is the certificate.
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?	It appears some are missing
	Agendas for whole year on website?	No
	Payments over £100 detailed on website?	No
	Electors' rights advertised on website?	No
	Councillors' responsibilities detailed on website?	Last link is 2020-21 but does not work
	Last financial year's AGAR on website?	No
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 but I cannot find these on the website
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?	Not that I can find
	Has the Council updated and reviewed its statement [must be reviewed annually]?	Cannot be found

## **Summary of my recommendations**

I would like to thank the clerk for the well organised, clear documentation and for responding so promptly to my questions.

The main area of concern remains the information on the website.

It is a requirement of the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities to include Certificate of Exemption, Annual Internal Audit Report, Annual Governance Statement, Accounting Statements, variance analysis, bank reconciliation and notice of the period for the exercise of public rights. These are not on the website for 2021/22. The clerk has provided me with copies of all of these documents.

The Transparency Code for Smaller Authorities also requires minutes, agendas and meeting papers are on the website. While some of the minutes are on the website, it appears some are missing, e.g., May 22 and Jan 23.