Carol A Bailey

BA (Hons) CiLCA

Local Council Internal Audit Report

Year ending: 31 March 2023

Name of Council	Snetterton Parish Council
Income	£3605
Expenditure	£2618
Precept Figure	£3605
General Reserve	£3815
Earmarked Reserves	

Annual Return Completion:

Section One	Not completed
Section Two	Certificate of Exemption AGAR Completed by Clerk
Internal Audit	Completed 19 April 2023

The following Internal Audit was carried out on the adequacy of systems of control.

The following recommendations/comments have been made:

<u>Proper Book-keeping</u>

Cash Book, regular reconciliation of books and bank statements, supporting vouchers, invoices and receipts

The Cash Book is complete, but I can find no record of cheque number 100024 from 2020 being written back as per last year's report where it was unpresented and out-of-date. This needs to be investigated and written back if necessary. This statement is from the 2021/2022 report and I can still find no record of this cheque having been written back to the accounts.

<u>Financial Regulations</u>

Standing Orders and Financial Regulations, Tender details and conforming to 2015 Procurement Regulations, appropriate payment controls including acting within the legal framework with reference to Council Minutes. Identifying VAT Payments and reclamation. Cheque Books, Paying in Books and other relevant documents

Supporting paperwork for payments and appropriate authorisation

Model Standing Orders had been adopted in 2019 and re-adopted at the meeting of the Council on 9 May 2022.

Standing Orders and Financial Regulations Policies are available via the Councils website along with other relevant policies.

With regard to Council Minutes, there is a payment made to NALC cheque no 100067 for £48.34 on 23 January 2023 that was not presented to Council for authorisation. The Precept for 2022/2023 was minuted no 07/22 at the meeting of 17 January 2022 for an increase of 3% but no monetary figure was stated. 3% equated to a further £105 which agrees with the Precept received in 2022/2023.

There are no financial reports or bank balances reported to Council only that they were 'noted'.

RECOMMENDATIONS:

1. **Precept figures and not just a percentage MUST be approved at Council to ensure the Council acts within the legal framework and this should be rectified with immediate effect.**
2. **Regular financial reports and bank balances need reporting to Council at least every other month but the recommendation is that it is done at every meeting**

3. **Cheque No 100067 for £48.34 should be noted for authorisation at the next available meeting**

VAT reclaimed during the year

I can find no record of the VAT of £16 from 2021/2022 being reclaimed. There is a further amount of £6 VAT for the year 2022/2023.

RECOMMENDATIONS

1. **The VAT for the years 2021/2022 and 2022/2023 should be claimed as soon as possible albeit they are a small amount**

Does the Council use General Power of Competence and when was it adopted or last confirmed?

N/A

S137 separately recorded and minuted?

The Council currently uses this power but there were no payments made using it during the year.

Does the Council have any loans in place?

No

Date of approval from the Secretary of State (DCLG)

N/A

Payments of Interest and Principal sums in respect of loans are paid in accordance with agreements

N/A

Code of Conduct. Date of adoption. Register of Interests published on the Council's website

The resolution to adopt the Code of Conduct had previously been duly made at the meeting of the Council on 10 April 2019.

Councillors Code of Conduct and Register of Interest Forms are available from Breckland District Council via a link on the Councils website.

Risk Management

Appropriate procedures in place for the activities of the Council.

Fidelity cover is provided through the Council's insurance and is appropriate.

The Council's Risk Assessment document was adopted at the meeting of 28 March 2022 and duly minuted at Minute No 22/22.

The Council's Financial Risk Assessment document was adopted at the meeting of 28 March 2022 and duly minuted at Minute No 24/22.

Budgetary controls

Verifying that the Budget has been properly prepared and agreed with reference to Council Minutes and supporting documents

As previously stated earlier in this report there is no evidence of either the budget, the Precept or financial reports being presented to and agreed by Council. Recommendations have already been made regarding this.

Regular reporting of expenditure and variances from budget

Financial reports are not currently being regularly made to Council and a recommendation has been made earlier in this report.

Income Controls

Precept and other income, including credit control mechanisms

The only income received is the Precept of £3605.

Petty Cash/Expenses Procedure

Established system in place and associated supporting documents

N/A

Payroll Controls

Salary payments including deductions for PAYE/NIC. Compliance with Inland Revenue Procedures

Salary payments are recorded correctly with a Payroll Service being used for calculations.

Records relating to Contracts of Employment

Not seen

Has your Council auto-enrolled with the Pension Regulator?

There does not appear to be any pension being paid by the Clerk who is the only employee of the Council. Dependent of age of staff this may not be a requirement for the Council.

Asset Control

Total Assets: £5315 – covered by Policy for £5978

Employers Liability	**£10,000,000**
Public Liability	**£10,000,000**
Officials' & Trustees' Indemnity	**£ 500,000**
Business Interruption	**£ 100,000**

The Council changed its insurance to Hiscox from 1 June 2020. This policy is a continuous policy until cancelled.

RECOMMENDATION:

1. ***Last years Internal Audit report made a recommendation regarding the fact that the Council's Asset Register and the Insurance Schedule should agree. No action has been taken on this and the mis-match is now larger than previously. The Council should ensure this is actioned for next years Internal Audit* – this statement is from the 2021/2022 report and it is noted that once again there is a mismatch between the total assets and the insured figure although this has not increased. This matter should be rectified as soon as possible**

Bank Reconciliation

Regularly completed and Cash Books reconcile with Bank Statements

Bank reconciliations had not been supplied so could not be checked for accuracy.

Year-End Procedures

Appropriate accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate.

No invoices were supplied so could not be checked for accuracy.

Sole Trustee

Has the Council met its responsibilities as a Trustee? (if applicable)

N/A

Internal Audit Procedures

Date Review completed: 19 April 2023

Recommendations from previous Internal Audit

There are still a number of items the Council need to rectify in order that it remains within the legal framework and that it is open and transparent to its residents.

Additional Comments

Annual Meeting of the Council: 17 May 2021 – it was noted that the Minutes from this meeting do not state 'Annual' – it should be ensured this is corrected for the current financial year – it was further noted that the Minutes for the meetings of October and November 2022 both state 'Annual' where they should not

Appointment of Internal Auditor: 28 March 2022 Minute No 23/22

Is the Council registered with the ICO?

Yes, and pays by direct debit

Is the Council working towards the New General Data Regulations Regime?

Various policies are available on the Councils website.

There are several recommendations contained within this report but, by far the most serious is the lack of budgetary and financial matters being presented to, and accounted for, by full Council. This is an urgent matter for the Council to ensure they act within the legal framework for Councils and also to provide openness and transparency to their electors and local residents.

At them time of writing this report the final bank statement to 31 March 2023 was unavailable to I am unable to confirm the closing bank balance as being correct. Any differences would need to be accounted for in the 2023/2024 financial year end accounts prior to internal audit.

I would thank the Clerk for his help in providing the information required and should he, or the Council, have any queries they would like help or advice on, my door, as their Internal Auditor is always open.

Report produced by:

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Dated: 19 April 2023

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