

INTERNAL AUDIT SERVICE FOR STINSFORD PARISH COUNCIL

Audit Programme – Financial Year 2020-21

I certify that I have carried out the tests detailed below in accordance with the suggested approach contained in the Governance and Accountability for Smaller Authorities in England published in March 2020.

Internal Control	Tests	Result	Comments
Previous Internal/External Audit	Do the minutes record that the Council has considered the Internal/External Audit Report for the previous year and the matters arising addressed?	Yes	The Internal Audit report was considered in minute 37.1 – June 2020. Certificate of Exemption was reported as signed and submitted to External Audit in minute 37.2 – June 2020.
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes	The cash book up to 31 st March 2021 is maintained and up to date
	Is the cashbook arithmetically correct?	Yes	Both receipts and payment columns are correct. The VAT column includes all the relevant information but the total in the VAT column is incorrect. It should be £1506.36. This is just an error on the total and is not carried forward into the overall total of the payments. There is an entry of VAT on 31/3/21 that is listed for £134.60, it should read £134.62 <u>Recommendation 1:</u> That the VAT cashbook total is corrected to show £1506.36. <u>Recommendation 2:</u> That the VAT amount on the 31/3/21 is amended to read £134.62
	Is the cashbook regularly balanced?	Yes	An update and draft budget was issued to Council as part of the budget process (January 2021) Min 7.3
Standing Orders and Financial Regulations	Has the Council formally adopted Standing Orders and Financial Regulations?	Yes	Standing orders were adopted in September 2015 and reviewed in July 2019. Financial Regulations were adopted in 2009 and last updated in September 2019.
	Has the Responsible Financial Officer been appointed?	Yes	The Clerk is declared as holding the office of RFO in the Financial Regulations.

Internal Control	Tests	Result	Comments
	Have the items or services above a de minimus amount been competitively purchased?	Yes	The financial regulations have been amended 80.4 June 2019 to state that item up to £1000 can be purchased by the Clerk via internet or debit card with prior authorisation from the council has been given. As at this internal audit no debit card facility had been created. There were no items collectively above £1000 thorough the year other than the Clerks Salary and the Neighbourhood Plan Consultancy fees which were previously competitively tendered.
	Are payments in the cash book supported by invoices and have they been authorised and minuted?	Yes	All checked
	Has VAT on payments been identified, recorded and reclaimed?	Yes	All VAT items have been correctly recorded (with the exception of a 2p discrepancy listed above). The total needs amending but the entries are correct. (See recommendation 1 & 2) The VAT reclaim for 2019-20 was received in Sept 2020
	In Section 137 expenditure separately recorded and within statutory limits?	N/A	No Section 137 expenditure was incurred and therefore no recording required.
Risk Management Arrangements	Does a scan of the minutes identify any unusual activity?	No	A random sample of four minute pages were checked from separate meetings and all activity was as expected.
	Do the minutes record the Council carrying out an annual risk assessment?	Yes	The risk assessment document was approved in April 2021. See Minute 45.2
	Is insurance cover appropriated and adequate? Fidelity Guarantee?	Yes	The insurance schedule was checked and the Fidelity guarantee stands at £100,000. This is currently more than is held in the bank account so adequate.
	Are internal financial controls documented and regularly reviewed? (Bank reconciliations)	Yes	Cashbook is regularly balanced and an end of year summary includes bank reconciliation.
	Has the Council prepared an annual budget in support of its precept?	Yes	The budget was presented at the January meeting – see Minute 7.3 and a precept agreed of £5,500. This is no change to the previous year.
Budgetary Controls	Is actual expenditure against the budget regularly reported to Council?	Yes	Reports are given at the half year and as part of the budget process. There are so few transactions than more regularly reporting would be onerous.

Internal Control	Tests	Result	Comments
	Are there significant unexplained variances from budget?	Yes	A clear and detailed report has been included which explains these variances. All relate to the work on the Neighbourhood plan and are reasonable.
	Is income properly recorded and promptly banked?	Yes	All income was received electronically and properly recorded.
Income Controls	Does the precept recorded in the cashbook agree to the District Councils notification?	Yes	Precept received was as per that expected £5500 over 2 tranches
	Are security controls over cash adequate and effective?	Yes	Financial regulations have been amended to allow the clerk to pay via debit card or online up to £1000 after this amount all payments require two signatories. At this point the debit card had not been arranged and so controls not yet tested.
	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A	No petty cash is held. All Clerks expenses are claimed back alongside her salary.
	Is petty cash expenditure reported to Council?	N/A	See above
	Is petty cash reimbursement carried out regularly?	N/A	See above
Payroll Controls	Do salaries paid agree with those approved by the Council? (Based on NALC rates for 2019-20)	Yes	The Clerk is paid at SCP 5. The rate of pay is £10.04 per hour. In April the Clerk was still being paid at the old rate as the agreement was not in place until August 20. Backdated pay was correctly calculated at £27.00 and paid in September 2020.
	Are the other payments to the Clerk reasonable and approved by Council?	Yes	All expenses have invoice attached to the Clerks expense claim.
	Has PAYE/NIC been properly operated by the Council as an employer?	Yes	Regular submissions are made and required amounts issued to HMRC by cheque. Income tax is deducted but there is no requirement for National Insurance.
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	Yes	An asset register is kept and was included in the audit bundle. It was reviewed in and approved in April 2021 – Minute 45.2.
	Is the Register up to date?	Yes	No assets have been purchased or sold this year.
	Do asset insurance valuations agreed with those in the Register?	Yes	The insurance schedule lists 'total property' and does not break this down in to individual items. The total showing on the asset register is £6932.00, so adequate cover is in place.

Internal Control	Tests	Result	Comments
Bank Reconciliation	Is the bank reconciliation carried out regularly?	Yes	At the mid and end year point.
	Are there any unexplained balancing entries in any reconciliation?	No	
	Are year-end accounts prepared on the correct accounting basis?	Yes	The Council uses a receipts and payments system.
Year-End Procedures	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes	All payments tested could be found listed in minutes, matched to cheque stub and could be seen as being paid on the bank statement.

Report compiled by Paula Harding (Principal)

Barker Fox Associates

Date