Yaxham Parish Council

Internal Audit Report

For Yaxham Parish Council

Financial Year 2019/20

Including Explanatory Notes for Annual Governance and Accountability Return
(where a 'no' has been marked on page 3 or 4)

Prepared by M Bergin, 03 June 2020

I have completed an internal audit of the accounts for Yaxham Parish Council for the year ending 31 March 2020.
My findings are detailed below using the tests provided in the Governance and Accountability for Smaller Authorities in England March 2018.

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 - spreadsheet
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	Reviewed 27 February 2020
	Date Financial Regulations last reviewed	Reviewed Feb.2020 – should be reviewed annually.
	Has a Responsible finance officer been appointed with specific duties?	Yes
	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
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is s137 expenditure separately recorded and within statutory limits?	Yes – but see notes regarding other expenditures.
	Have S137 payments been approved and included in the minutes as such?	No - see notes.
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?	Yes – March 2019 minute number 9.2-4

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – November 2019 minute 8.3
	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
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	Yes
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	Not applicable
	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?	Contract is not available to view online
	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

Internal control	Test	Observations
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – PAYE reference 120/BE02306.
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes –October 2019 minute 9.7
	Do asset insurance valuations agree with those in the asset register?	Yes
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	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 investments
Year-end procedures	Are year-end accounts prepared on 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
	Where appropriate, have debtors and creditors been properly recorded?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Not applicable.
	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Not applicable
	Agendas for whole year on website?	Not applicable

Internal control	Test	Observations
	Payments over £100 detailed on website?	Not applicable
	Electors' rights advertised on website?	Not applicable
	Councillors' responsibilities detailed on website?	Not applicable
	Last financial year's Annual Return on website?	Not applicable
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Not applicable
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	Not applicable
	Have fees for the cemetery been reviewed and agreed by Council?	Not applicable
	Were comparisons made with other cemeteries prior to setting the fees?	Not applicable
	Have burial books been kept up to date and are they safely stored?	Not applicable
Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	Not applicable
	Have fees for the allotments been reviewed and agreed by Council?	Not applicable
Councils with charities only	Have Charities reported and accounted separately?	Yes
	Have the Charity accounts been independently audited?	Yes
	Have the Charity accounts and Annual Return been filed within the legal time limit?	Yes

Summary of my recommendations:
This audit was carried out online and via email as recommended by SLCC during the Covid 19 pandemic and there was no face to face visit. In addition to the website, documents provided included the cash book, and pages 3 and 5 of the 2019/20 AGAR.

S137 expenditure is correctly recorded separately in the cashbook, however, although payments are correctly authorized in minutes any S137 should be specifically approved in minutes separately from other routine expenditures. I also note the purchase of a wreath was authorized in November 2019 – in my view this should be considered as S137 expenditure and recorded in the cashbook as such.

The annual risk assessment was due for review in March 2020 – I assume this was delayed due to the Covid 19 pandemic. The review should be carried out as soon as practicable. The same applies to the Asset register that is also due for review in March 2020.

I note that the parish council is now registered as an employer with HMRC (Reference 120/BE02306). This will clear the observations made by the external auditor in 2017/18 and the Internal Auditor in 2018/19.

M Bergin	03 June 2020
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Signed	Date

Subsequent email exchange addressing the issues raised in the Internal Audit

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From: Parish Clerk [mailto:yaxhamparishclerk@gmail.com]
Sent: 04 June 2020 11:38
To: Max Bergin
Cc: Ian Martin; Maggie Oechsle; Anthony Cheetham; Chris Couves; Richard Whadcoat; Peter Lowings
Subject: Internal Audit for Yaxham Parish Council 2019/2020

Dear Max

Ian our Chairman has asked me to write to you officially to thank you so much for your swift and expeditious response. Just to reassure you, we would just like to make the following comments on the observations you made:

- Financial Regulations are reviewed annually, and we have restored the 2019 Document to the website
- S137 expenditure - comments noted and we will apply for the future
- Risk assessment was delayed by Covid-19 and went to the 28th May 2020 meeting - Minutes to follow
- Asset Register was delayed by Covid-19 and went to the 30th April meeting, agreed, but note that this was not separately agreed
- Clerk's Employment contract attached
- On the transparency items for <£25k authorities, all have been complied with on the website as Yaxham is normally <£25k

We would be very grateful if you would consider performing our Charity Audit next year; would you be able to undertake this or would this be in any way conflictory?

Once again, many thanks, and we look forward to receiving your invoice for payment in due course.

Have a lovely day.

With kindest regards

Vicky

Vicky Turner
Clerk to Yaxham Parish Council
Tel: 01362 821037
Correspondence Address:
Yaxham House, Norwich Road, Yaxham, NR19 1RH

From: **Max Bergin** <max.bergin@ntlworld.com>
Date: Thu, 4 Jun 2020 at 14:30
Subject: RE: Internal Audit for Yaxham Parish Council 2019/2020
To: Parish Clerk <yaxhamparishclerk@gmail.com>

Dear Vicky

Many thanks for your email and further thanks for the responses to my various comments. I imagine you should, as is usual, be able to claim exemption next year as you will probably be under the 25K threshold again – once again then the transparency items will apply.
Keep up the good work Vicky and
Kind Regards
Max Bergin