Ringsfield and Weston Parish Council

Internal Audit Report

For Ringsfield and Weston Parish

Financial Year 2022-2023

Including Explanatory Notes for Annual Governance & Accountability Return
(Where a 'no; has been marked)

Prepared by Tina Newby
12th July 2023

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I have completed an internal audit of the accounts for Ringsfield and Weston Council for the year ending 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
	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	Although the website shows the latest there is no evidence that this has been discussed at a Parish Council meeting
	Date Financial Regulations last reviewed	Although the website shows the latest there is no evidence that this has been discussed at a Parish Council meeting
	Has a Responsible finance officer been appointed with specific duties?	No active Clerk at present
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes. No purchase orders. All invoices are signed off at the meetings with a covering schedule of payments. Very transparent. All included in the minutes
	Has VAT on payments been identified, recorded and reclaimed?	Reclaim received this year for previous year/s
	Is s137 expenditure separately recorded and within statutory limits?	s137 column used. No GPoC

Internal control	Test	Observations
	Have S137 payments been approved and included in the minutes as such?	Yes
Risk management arrangements	Does a review of the minutes identity any unusual financial activity	No – all OK
	Do minutes record the council carrying out an annual risk assessment or reviews of their risk management scheme?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes completed, although not seen, but minuted
Insurance	Is insurance cover appropriate and adequate?	Yes
	Insurance certificate	Zurich MLAACE06
	Employers' liability adequate?	Yes - £10 million
	Fidelity guarantees adequate?	Yes - £250,000
	Asset values	Yes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes, but no figures included in the minutes, not transparent and cannot confirm what the parish council agreed too.
	Has the precept been calculated from the budget and been approved?	Yes
	Precept form for this year and previous year. Is there evidence?	Yes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes

Internal control	Test	Observations
	Has the Council agreed a General Reserve Policy and is this figure reflected in the 'free balance'	No evidence
	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?	No evidence, no precept form seen
	Are security controls over cash and near-cash adequate and effective?	N/a
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?	No
	Do salaries paid agree with those approved by the council?	No evidence, no payslips seen
	Are salaries above the National Living Wage/Minimum Wage?	No, NJC Scales should be used
	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
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
	Do asset insurance valuations agree with those in the asset register?	Yes

Internal control	Test	Observations
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes, completed for 31/3/23, although not signed off.
	Is a bank reconciliation carried out regularly and in a timely fashion?	One completed 6 monthly
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	No – see recommendations
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes – Receipts and Payments
	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?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	N/a
Procedural	Is eligibility for the General Power of Competence properly evidenced?	No – does not fit the criteria
	Have points raised on the last Internal Audit report been considered by council and actioned?	No evidence
Transparency: For smaller councils with turnover under £25,000	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes
	Electors' rights advertised on website?	No
	Councillors' responsibilities detailed on website?	No – but the Chairman and Vice chairman are stated
	Last financial year's Annual Return on website?	Yes 2021-2022 annual returns are published. Although the titles of the documents need amending

Internal control	Test	Observations
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Yes
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	n/a
	Have fees for the cemetery been reviewed and agreed by Council?	n/a
	Were comparisons made with other cemeteries prior to setting the fees?	n/a
	Have burial books been kept up to date and are they safely stored?	n/a
Councils with charities only	Have the Charity accounts and Annual Return been filed within the legal time limit?	n/a
	Have the Charity accounts been independently audited?	n/a
	Are all Charities up to date with Charity Commission	n/a
	Has the Council been named as Sole Trustee on the Charity Commission Register?	n/a
General Data Protection Regulation (compliance from 25/5/2018)	Has the Council carried out an information audit?	No – see recommendations
	Has the Council put in place Privacy Notices?	No
	Is there evidence of the policies on the website	No
	Has Data Protection been built into the general procedures, processes, and policies of the Council?	No
	Has the Council adopted a Data Protection Policy	No

Internal control	Test	Observations
	Has the Council registered with the Information Commissioner's Office?	No – see recommendations
Web Accessibility	Does your website and documents comply? Using https://webaim.org/	Your website needs some work, to be web accessible
Councils with Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	N/a
	Have fees for the allotments been reviewed and agreed by the Council	N/a

Summary of my recommendations:

Whilst I appreciate you are in between Clerks, these are my findings.

- S137 payments are a requirement if the Council does not hold the General Power of Competence. Column is in cashbook and used. Well done.
- The Council should agree a Statement of Internal Controls, which sits alongside the risk assessment and is reviewed annually, setting out the practical measures the Council takes to detect and prevent fraud and dishonesty. Although there has been done, there is no evidence.
- The Council should set a General Reserve Policy – setting a general reserve of between three and twelve months revenue expenditure depending on the size of the Council. Guidance is available at item 5.32 onwards of the Practitioners Guide 2022.
- I have noticed that you have adopted the LGA Code of Conduct, which is good.
- There is nothing in the minutes that suggests you have reviewed the policies this year.
- You will need to 'ring-fence' the balance that's left for CiL money, so you do not spend it on other things.
- When working on your cash book, record the VAT in the VAT column. This will mean that there will be a column for the total amount, then the costed columns will be the total without VAT, and then the figure in the VAT column. Therefore; VAT column and the costed columns, should equal the total amount paid. When doing the budgets you do not need to have the total value, just the value with the VAT deducted. This is because you can claim back VAT.
- Perhaps consider Ear Marked reserves set aside for projects – can be accumulated over the years for a project.
- No evidence of invoices for Cloud Net for £132.00 + £119.98. These could be subject to VAT which is reclaimable.
- I see that the Clerk was getting paid, but I see no evidence of any NI and Tax deductions being done. No evidence of payslips, employment contract and job description. No evidence of a Payroll system being used. I do not know of anyone that can earn money with some form of Tax and NI deductions. I see there is an expenditure of Tax being paid for the previous Clerk. You may want to check if this is legal? Perhaps it is a good idea that you are going to use SALC payroll in future.

- All the minutes that are on the website and those that I have as paper copies are all DRAFT, these are signed too. Please make sure you remove the Draft, once approved.
- The website does not have Minutes uploaded for 2023.
- When approving the budget, the minutes should detail what the precept is going to be and the increase in Band D charges.
- Then minuting the approval of the AGAR, please make sure that each page of the AGAR is discussed separately and has an individual agenda item. Please also make sure that the AGAR is approved in order!
- All Parish Councils should have joined the Information Commissioner Officer and set up for General Data Protection, this became law in 2018. I see no evidence that you subscribe to or have any policies referring to this.
- At the four yearly elections or even annually in May, it would be a good idea to document who are the bank signatories.

Notes:
The Council is required to publish certain information throughout the year as required in the transparency code for smaller authorities 2014. This has been the requirement since July 2015 and a copy is available here:
https://www.gov.uk/government/publications/transparency-code-for-smaller-authorities

The additional information needed are:

- Agendas for all meetings
- Minutes for all meetings, which must be published in draft within 28 days
- All items of expenditure over £100, *excluding salaries*
- Year-end documents
- Councillor responsibilities.
- Details of public land and building assets owned by the Parish Council.

Total Receipts	£8,873.52
Total Payments	£9,081.66
Balance at 31/3/23	£11,329.00
General Reserves	?
Ring fenced CiL money	?
Ear Marked Reserves	?

Tina Newby — 13th July 2023
Signed — Date