

# **Ringland Parish Council**

Internal Audit Report  
Financial Year 2023/24

Prepared by Sonya Blythe  
18 April 2024

I have completed an internal audit of the accounts for Ringland Parish Council for the year ending March 2024.

My findings are detailed below using the tests provided in the Governance and Accountability (England) guidance.

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	April 23 minutes
	Date Financial Regulations last reviewed	April 23 minutes
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, evidenced from invoice to minutes and bank account.
	Has VAT on payments been identified, recorded and reclaimed?	Yes, separate column in cashbook, claim received June 23
	Is s137 expenditure separately recorded and within statutory limits?	Separate column in cashbook
Risk management arrangements	Have S137 payments been approved and included in the minutes as such?	Power not used
	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?	Financial risk assessment - April 23  General risk assessment on website dated May 22 – not recorded in minutes *see recommendation
	Is insurance cover appropriate and adequate?	Yes, liability cover good

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	March 24 minutes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	2324 – yes, January 23 minutes 2425 – yes, January 24 minutes
	Has the precept been calculated from the budget and been approved?	2324 – approved as £8,290.00 2425 – approved as £8,290.00
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes, cashbook circulated with meeting papers *see recommendation
	Are there any significant unexplained variances from budget?	Grass cutting over budget– not unexplained, invoices seen
Income controls	Is income properly recorded and promptly banked?	Yes – majority of payments received by BACS. Spreadsheets for all separate accounts. Cash was held for village hall hire across the year and paid in to the bank in March 24. Income not regularly recorded within meeting minutes. *see recommendation
	Does the precept recorded agree to the Council Tax authority's notification?	Bank £8290 Remittance £8290
	Are security controls over cash and near-cash adequate and effective?	Yes tightened up considerably, although I would prefer to see no cash float at all, and cash income for hall hire paid in within a month. Hall hire income should also be recorded within meeting minutes. *see recommendation
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	Yes- spreadsheet and receipts seen. VH petty cash account closed.
	Is petty cash expenditure reported to each council meeting?	No – but petty cash account now closed
	Is petty cash reimbursement carried out regularly?	Account closed March 24.

Internal control	Test	Observations
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes, contract seen
	Do salaries paid agree with those approved by the council?	Yes, payslips seen  Agreed recently for Clerk to receive salary monthly instead of having to wait for meetings – good practice
	Are salaries above the National Living Wage/Minimum Wage?	Yes  National increment implemented January 24
	Are other payments to employees reasonable and approved by the council?	Yes, expense claims seen
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, HMRC payments made
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?	Majority yes. Building valuation carried out in 2324 but building cost not updated yet. *See recommendation
	Do asset insurance valuations agree with those in the asset register?	Asset list totals £250k, policy totals £247k cover.
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?	Reported at majority of meetings
	Are there any unexplained balancing entries in any reconciliation?	No
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, R&P
	Do accounts agree with the cash book?	AGAR – £26856  Bank statements - £26830.43 + £25.49 events float held in cash = £26855.92
	Has a year-end bank reconciliation been undertaken?	Yes - £26855.92

Internal control	Test	Observations
Procedural	Is there an audit trail from underlying financial records to the accounts?	Yes, evidenced from invoice to cashbook. Income invoices seen.
	Is eligibility for the General Power of Competence properly evidenced?	N/A
Transparency: For smaller councils with turnover under £25,000	Have points raised on the last Internal Audit report been considered by council and actioned?	Incorporate village hall records in to PC cashbook – yes, petty cash account ran down. Income for hall hire paid into main account.  Have insurance valuation of village hall – yes, but not minutes  Provide receipts and invoices for village hall hire and petty cash - yes
	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes, included within minutes
	Electors' rights advertised on website?	Uploaded without date page *see note
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	Yes
Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Yes	
Other	Village hall hire  Canoe permits	Receipts checked against bank account  Receipts checked against bank account

### Summary of report:

Thank you to Laura for supplying all the documentation so promptly.

- I have checked through your accounts and confirmed them against income and expenditure receipts, as well as against payments in your cashbook. Bank reconciliations are regularly carried out for the accounts.
- I have confirmed that your Financial Regulations and Standing Orders are up to date.
- I have noted that your VAT has been accounted for correctly within the cashbook and a claim was received in 2324.
- I have verified that your insurance is adequate for current assets, but needs to be updated in line with the new valuation of the building asap
- I confirm that your payroll management meets requirements
- I have reviewed your budget setting process and you confirmed that you provide Council with regular spend against budget information. Reconciliations are minuted at each meeting.
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts
- I note that your handling of cash has been improved and receipts were available for expenditure. Your petty cash account has been closed, although you still maintain a cash events float.

#### **Notes / recommendations for 24/25:**

Email management – the JPAG Practitioners Guide states that “every authority should have an email account that belongs to the council and to which the council has access – this ideally would be a .gov.uk or .org.uk address or could be an address linked to the council website”. As you use a Gmail email this may be worth looking at when budget setting in 2425.

Your general risk assessment was last reviewed in May 22. As one of the criteria of the internal audit and the governance statement are confirming that risk has been managed, this document should be considered and minuted during each financial year. Your financial risk assessment was considered correctly during 2324.

Elector rights – unfortunately the notification of public rights document for the 2223 accounts was uploaded without the date page. As it is a requirement that the Public Notice clearly identifies the statutory 30 working day period when the Authority’s records are available for public inspection **I am unable to tick yes to Statement M. Council when reviewing the Governance Statement should therefore tick no to Statement 4.**

Reserves – with your responsibility for a village hall and several areas of land, your reserves of £26k seem on the low side. It would be worth considering these at budget setting time.

Budget monitoring – I understand the cashbook, including budget monitoring, is circulated to Council with meeting papers. It would be a good idea to minute this, so that it is clear that Council have received all financial information.

Insurance – one of the recommendations from last years internal audit was that a building valuation be carried out, to ensure the village hall is correctly insured. I understand this was done, but not included in the meeting minutes. Your insurance policy has not yet been updated with the new valuation cost. This should be done asap.

For the sake of completeness, it would be a good idea to report income each month in the minutes, even if just a summary of village hall income and a summary of canoe permits. This will help close the loop between receiving cash income for the village hall and paying it in to the bank.

*Sonya*

Sonya Blythe  
Internal auditor