

# Internal Audit

## Over Norton Parish Council

Year Ending 31 March

2022

Internal Auditor: Lisa Wilkinson

## Summary Checklist Report

This internal audit report is based upon the Practitioners' Guide to Governance and Accountability in Local Authorities.

# Internal Audit Summary Checklist Report for Over Norton Parish Council

Year Ending: 31 March 2022

Name of Council	Over Norton Parish Council	Name of Clerk to the Council	Katie Llewellyn
No. Of Councillors	5	Name of RFO	Katie Llewellyn
Quorum	3	Precept (for audit year)	£20805
Electorate	414	Gross budgeted income	£20805

1. Book-Keeping			Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes	The accounts are kept on an Excel spreadsheet and show the full financial year. <b>Recommend</b> that the income and expenditure is broken down into cost codes. (Examples can be provided if required). VAT needs to be recorded on the accounts. A separate column to identify S137 expenditure is required.
1.2	Arithmetic correct?	Yes	Checks of the accounting confirmed that the cashbook arithmetic was correct.
1.3	Evidence of internal control?	Yes	<ul style="list-style-type: none"> <li>• Internal audit</li> <li>• Risk assessment</li> <li>• Budgetary control and monitoring</li> <li>• Bank reconciliations</li> </ul>
1.4	VAT evidence, recording and reclaimed?	Yes	The Council is able to recover VAT through the Local Authorities and Similar Bodies Scheme. A claim for repayment of VAT is made annually. £938.65 was received April 2021. <b>Recommend</b> that a separate column for VAT is shown in the cashbook.
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes	See Detailed schedule in Compliance Testing Report. All payments are authorised in monthly minutes.
1.6	Is GPC expenditure separately recorded and within statutory limits?	No Yes	See S137 notes 3.8
1.7	Is GPC expenditure of direct benefit to the electorate?	Yes	All S137 expenditure incurred in the current financial year was in respect of activities relevant to the parish – donation to British Legion

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2. Due Process			Comments & Recommendations
2.1	Standing Orders adopted since 2010?	Yes	The Council reviewed the Standing Orders in July 2019.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	Standing Orders were reviewed and approved at the July 2019 PC meeting <b>Recommend</b> annual review of standing orders (using latest NALC version for any updates – current latest are April 2022)
2.3	Financial Regulations adopted?	Yes	<b>Recommend</b> <i>annual</i> review of financial regulations (using latest NALC version for any updates). An annual review is stated in the financial regulations item 17.1. <b>Recommend</b> that when reviewed, the regulations are dated.
2.4	Financial Regulations properly tailored to Council?	No	The current Financial Regulations are based on the NALC model Financial Regulations; however, they need to be adapted to suit the specific needs of the Council. <b>Recommend</b> that the latest version of Financial Regulations is obtained and then tailored to the PC.
2.5	Equal Opportunities policy adopted?	No	.
2.6	RFO appointed?	Yes	Katie Llewellyn is the RFO and was appointed in September 2021.
2.7	List of member's interests held?	Yes	WODC holds the list of member's interests as required.
2.8	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	The clerk prepares and signs the council meeting agenda, which lists matters for discussion and is posted on the Council's website and on notice boards three clear days in advance of the meetings
2.9	Purchase orders raised for all expenditure?	Yes	Most orders for goods and services are made by or confirmed by email.
2.10	Purchasing authority defined in Financial Regulations?	Yes	The Financial Regulations (11.1h) stipulate the purchasing approval: when it is to enter into a contract of less than £25,000 in value for the supply of goods or materials .....the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below [£3,000] and above [£100] the Clerk or RFO shall strive to obtain 3 estimates.
2.11	Legal powers identified in minutes and/or ledger?	No	Legal powers are recorded on invoices?
2.12	Committee terms of reference exist and have been reviewed?	No	No committees are in operation.

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3. Risk Management			Comments & Recommendations
3.1	Does a scan of the minutes identify any unusual financial activity?	No	Minutes are prepared for all meetings of the Council. No unusual financial activity was found in the minutes reviewed; Council minutes are available to view on the Council's website.
3.2	Is an annual risk assessment carried out?	Yes	The Council has a formal risk assessment policy in place covering many of the areas of risk the Council may be faced with. The risk assessment policy is maintained by the Clerk <b>Recommend</b> that the risk assessment is dated and reviewed annually.
3.3	Is Insurance cover appropriate and adequate?	Yes	The level and range of insurance cover (£10m public) appears to be adequate for the size of the Council.
3.4	Evidence of annual insurance review?	Yes	The insurance is renewed annually on 15 November. Insurance cover is currently placed with Aviva. The Clerk undertakes a review of insurances prior to renewal to ensure that best value is obtained in respect of service levels and premiums.
3.5	Internal financial controls documented and evidenced?	Yes	Stipulated in the Standing Orders, Financial Regulations and Risk Management and minutes
	Review of effectiveness of internal control	Yes	The review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following: <ul style="list-style-type: none"> <li>• the scope of internal audit;</li> <li>• independence;</li> <li>• competence;</li> <li>• relationships with the clerk and the authority; and</li> <li>• audit planning and reporting.</li> </ul>
3.6	Minutes initialled, each page identified and overall signed?	Yes	Minutes of all Council meetings are signed by the meeting chair and dated. <b>Recommend</b> each page of the minutes is identified by a unique page number reference
3.7	Regular reporting and minuting of bank balances?	Yes	<b>Recommend</b> bank balances are presented to Council at each meeting.
3.8	S137/GPC expenditure minuted?	Yes	All expenditure is minuted <b>Recommend</b> S137 expenditure is identified as such in the minutes (e.g. donations) Note: S137 is £8.82 per elector for 2022/3

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4. Budget			Comments & Recommendations
4.1	Annual budget prepared to support precept?	Yes	A budget is prepared annually. Minuted 02/12/2020 ref 1542 <b>Recommend</b> separate income and expenditure columns are shown
4.2	Has budget been discussed and adopted by Council?	Yes	The budget for the financial year being audited was reviewed and approved by the Council at its November 2020 meeting.
4.3	Any reserves earmarked?	No	<b>Recommend</b> that earmarked reserves are identified in separate spreadsheet. This will explain high level of reserves.
4.4	Any unexplained variances from budget?	No	

4. Budget			Comments & Recommendations
4.5	Precept demand correctly minuted?	Yes	The precept demand of £20805 was forwarded to WODC by the deadline. <b>Recommend</b> that the actual amount is minuted.

5. Payroll - Clerk			Comments & Recommendations
5.1	Contract of employment?	Yes	
5.2	Tax code issued	Yes	
5.3	PAYE/NI evidence?	Yes	PAYE is paid quarterly as required.
5.4	Has Council approved the salary paid?	No	<b>Recommend</b> that salary and clerk's working hours are approved in minutes (NJC scale rather than actual amount).

5. Payroll - Clerk			Comments & Recommendations
5.5	Other payments reasonable and approved by Council?	Yes	Expenses minuted correctly.

6. Payroll - Other			Comments & Recommendations
6.1	Contracts of employment?	Yes	
6.2	Does the Council have employers' liability cover?	Yes	Held with Aviva

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6.3	Tax code(s) issued?		
6.4	Minimum Wage paid?	Yes	
6.5	Disciplinary, Grievance & Complaints procedures in place?	No	

7. Asset Control			Comments & Recommendations
7.1	Does the Council keep a register of all material assets owned?	Yes	The Clerk is responsible for maintaining the asset register.
7.2	Is the asset register up to date?	Yes	The asset register is up to date and reviewed annually.
7.3	Value of individual assets included?	Yes	All assets have an individual value on the asset register
7.4	Inspected for risk and health and safety?	Yes	Assets are kept well maintained and minuted when necessary. Play equipment checked annually by ROSPA accredited inspectors.
7.5	Land and Building asset register?	No	Land and buildings included in the Register of Assets

8. Bank Reconciliation			Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes	The Council holds the following bank accounts, all of which were operating at the start of the financial year; Barclays Community Account 80679550 Barclays Premium Account 80679542
8.2	Reconciliation carried out on receipt of statement?	Yes	The bank accounts are reconciled on receipt of bank statements
8.3	Any unexplained balancing entries in any reconciliation?	No	
8.4	Is the bank mandate up to date?	Yes	Reviewed in November 21 Cheques require two signatories. There are three signatories on the mandate.

9. Year-End Procedures			Comments & Recommendations
9.1	Year-end accounts prepared on correct accounting basis?	Yes	Day to day and year-end accounts are prepared on a Receipts & Payments basis.

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<b>9.2</b>	<b>Bank statements and ledger reconcile?</b>	<b>Yes</b>	Accounts approved by Council 18/5/2021
<b>9.3</b>	<b>Underlying financial trail from records to presented accounts?</b>	<b>Yes</b>	The accounting system provides a satisfactory audit trail to the underlying financial records.
<b>9.4</b>	<b>Where applicable, debtors and creditors properly recorded?</b>	<b>N/A</b>	
<b>9.5</b>	<b>Has Council agreed, signed and minuted sections 1 &amp; 2 of the AGAR (Annual Return)?</b>	<b>Yes</b>	For year 2020-21, Section 1-Annual Governance Statement, Section 2-Accounting Statement were signed and minuted by Council on 18/5/2021.

<b>10. Miscellaneous</b>		<b>Comments &amp; Recommendations</b>	
<b>10.1</b>	<b>Have points raised at the last internal audit been addressed?</b>	<b>Yes</b>	Council Tax grant was accounted for wrongly. However as there is now no Council Tax grant then this is not applicable.

<b>10. Miscellaneous</b>		<b>Comments &amp; Recommendations</b>	
<b>10.2</b>	<b>Has the Council adopted a Code of Conduct since July 2012?</b>	<b>Yes</b>	
<b>10.3</b>	<b>Is eligibility for the General Power of Competence properly evidenced?</b>		N/A
<b>10.4</b>	<b>Are all electronic files backed up?</b>	<b>Yes</b>	Records are kept securely at the homes of the clerk. Electronic files are backed up regularly onto external storage
<b>10.5</b>	<b>Do arrangements for the public inspection of records exist?</b>	<b>Yes</b>	The Transparency Act requires a significant amount of Council data to be available on the Council's website. Notice of audit is displayed as per external audit instructions. Outside of this period, inspection of records can be undertaken by prior appointment. The clerk gave assurance that the relevant documents for 2020-21 were published appropriately.

<b>11. Charities</b>		<b>Comments &amp; Recommendations</b>	
<b>11.1</b>	<b>Charities reported and accounted separately?</b>	<b>N/A</b>	
<b>11.2</b>	<b>Have the Charity accounts been separately audited?</b>	<b>N/A</b>	Not required.
<b>11.3</b>	<b>Have the Charity accounts and Annual Return been filed within the legal time limits?</b>	<b>N/A</b>	

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12. Burial Authorities			Comments & Recommendations
12.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?	N/A	PC is not a burial authority
12.2	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/A	
12.3	Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly?	N/A	
12.4	Do all internment of ashes have a certificate of cremation?	N/A	
12.5	Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	N/A	

13. Income Controls			Comments & Recommendations
13.1	Is income properly recorded and promptly banked?	Yes	
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The precept was received in the following instalments and recorded in the accounts: April 2021: £10,402.50 (50% of annual precept). September 2021: £10,402.50 (50% of annual precept) The total precept received was £20,805 as per the WODC notification
13.3	Are security controls over cash adequate and effective?	Yes	No cash is received.

14. Petty Cash			Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	N/A	No petty cash is used
14.2	Is petty cash expenditure reported to Council?	N/A	
14.3	Is petty cash reimbursement carried out regularly?	N/A	



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15. Accessibility/Transparency			Comments & Recommendations
15.1	<b>Are the following documents published on the website as per Transparency Code 2015:</b> <ul style="list-style-type: none"> <li>• All items of expenditure above £100</li> <li>• End of year accounts</li> <li>• Annual governance statement</li> <li>• Internal audit report</li> <li>• List of a councillor or member responsibilities</li> <li>• The details of public land and building assets</li> <li>• Minutes, agendas and meeting papers of formal meetings</li> </ul>	Yes	The website is currently being revamped. The clerk gave her assurance that these documents were available previously and will be again as soon as the website is up and running.
15.2	<b>Is the website accessible as per The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018?</b>	Yes	
15.3	<b>Has an Accessibility Statement been published on the website?</b>	Yes	

16. Freedom of Information/GDPR			Comments & Recommendations
16.1	Is the Council registered with ICO?	Yes	Recommend this is set up as direct debit
16.2	<b>GDPR:</b> <b>Freedom of Information scheme</b> <b>Data Protection policy</b> <b>Retention and Disposal of Documents policy</b> <b>Privacy Notice</b>	Yes No No Yes	Recommend Data Protection and Retention and Disposal of Documents policies are adopted in line with GDP Regulations. Example policies can be provided or found on the OALC website if desired.
15.3	<b>Are the above documents published on the Council's website?</b>		Privacy Notice is displayed.

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<u>Check No.</u>	<u>1</u>	<u>2</u>	<u>3</u>
<u>Transaction type</u>	Purchase invoice	Purchase invoice	Screenshot HMRC
<u>Supplier/Customer</u>	Thomas Fox Landscaping & Maintenance	Jed Brown	HMRC
<u>Invoice/Transaction No.</u>	32120		
<u>Invoice/Transaction date</u>	29/07/2021		22/3/2022
<u>Goods/services supplied</u>	Village grass cutting	Parish notice board	PAYE for clerk
<u>Ledger date</u>	20/7/22	9/2/22	17/3/22
<u>Item/Budget heading</u>	Grass cutting	Newsletter	Administration
<u>Ref/cheque No.</u>	101261	101285	101285
<u>Authorised by</u>	2*authorised signatories	2*authorised signatories	2*authorised signatories
<u>Delivery evidence</u>	Councillor checked	Councillor checked	Councillor checked
<u>Payment minute ref</u>	?	February 2022	?
<u>Payment value</u>	£660.92	£157	£142.86
<u>Bank Statement value</u>	£793.09	£157	£142.86
<u>Payment Date</u>	?	9/2/22	
<u>Timely payment</u>		Yes	Yes
<u>VAT recorded</u>	No	n/a	n/a
<u>GPC recorded in ledger</u>	n/a	n/a	n/a
<u>GPC minuted</u>	n/a	n/a	n/a
<u>Notes</u>	No minute found		
<u>Pass</u>	X	√	√

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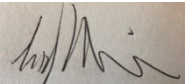
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## Any further comments

The overall internal audit assurance rating is: ADEQUATE.  
 Recommend that a timetabled review of all policies and procedures is set up to ensure they are up to date. The annual meeting in May is a good place to do this. Some will need reviewing annually, some bi-annually.  
 Recommend that GDP Regulations are considered and policies adopted.  
 Recommend that the cashbook is extended to include columns for VAT and S137. This will enable VAT to be claimed more easily and they are both a requirement. End of year accounts can be developed to include a balance sheet, receipts and payments accounts split into cost codes (this will help with budgeting) and bank reconciliation. The clerk has been provided with an example of these which can be used if desired.  
 Recommend an earmarked reserves spreadsheet is drawn up to explain level of reserves as these may be questioned by the auditor.

## Acknowledgments

The help and co-operation of Katie Llewellyn, clerk/RFO to the Council is much appreciated by the internal auditor.

Internal audit carried out by	(signed)	(print)
		Lisa Wilkinson
Audit type (delete as appropriate)	<del>INTERIM</del> ANNUAL	
Date	26/6/2022	

## For internal auditor's use only

Part 3 of Annual Return form completed and signed	26/6/2022
Internal audit report/letter sent to Council	26/6/2022

**Section 2: Compliance Testing Report for Swerford Parish Council Year****Ending: March 2021**

<b>2019/20 ANNUAL RETURN</b>		<b>Year Ending 31 March 2021</b>	<b>Year Ending 31 March 2022</b>
<b>1</b>	<b>Balances brought forward</b>	<b>19632</b>	<b>31643</b>
<b>2</b>	<b>Annual precept</b>	<b>tbc</b>	<b>20805</b>
<b>3</b>	<b>Total other receipts</b>	<b>tbc</b>	<b>11222</b>
<b>4</b>	<b>Staff costs</b>	<b>2643</b>	<b>2222</b>
<b>5</b>	<b>Loan interest/capital repayments</b>	<b>0</b>	<b>0</b>
<b>6</b>	<b>Total other payments</b>	<b>10871</b>	<b>30174</b>
<b>7</b>	<b>Balances carried forward</b>	<b>31643</b>	<b>31274</b>
<b>8</b>	<b>Total cash and investments</b>	<b>31643</b>	<b>31299</b>
<b>9</b>	<b>Total fixed assets and long-term assets</b>	<b>19320</b>	<b>13032</b>
<b>10</b>	<b>Total borrowings</b>	<b>0</b>	<b>0</b>
<b>11</b>	<b>The Council acts as a sole trustee for and is responsible for managing Trust funds or assets</b>	<b>NO</b>	<b>NO</b>