

Matlaske Parish Council

Internal Audit Report

For Matlaske Parish Council

Financial Year 2022/23

Including Explanatory Notes for Annual Return
(where a 'no' has been marked)

Prepared by Catherine Moore
4th May 2023

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I have completed an internal audit of the accounts for Matlaske Parish Council for the year ending 31st March 2023. My findings are detailed below using the tests provided in the Governance and Accountability document. I would like to thank the Clerk / RFO for providing me with all the information required for the Internal Audit.

Internal Control	Test	Observations / Recommendations
Proper bookkeeping	Is the cash book maintained and up to date?	Yes
	Is the cash book arithmetically correct?	Yes
	Is the cash book 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	July 2022
	Date Financial Regulations last reviewed	July 2022
	Has a Responsible Financial Officer been appointed with specific duties?	Yes – Parish Clerk
	Have items or services above the de minimus amount been competitively purchased?	N/a
	Are payments in the cash book supported by purchase orders, invoices, authorised and minuted?	Yes
	Has VAT on payments been identified, recorded and reclaimed?	Yes – some adjustments noted to Clerk
	Is S137 expenditure separately recorded and within statutory limits?	Yes
	Have S137 payments been approved and included in the minutes as such?	Yes
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
	Is insurance cover appropriate and adequate?	Yes – see recommendation

Internal Control	Test	Observations / Recommendations
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary Controls	Has the Council prepared an annual budget in support its precept and has this been minuted as being approved?	(2022/23) No
	Has the precept been calculated from the budget and been approved?	No
	Does the budget include an actual completed year?	No
	Is actual expenditure against budget regularly reported to the Council?	No – see recommendation
	Has the Council agreed a General Reserve Policy and is this figure reflected in the 'free balance'?	No – see recommendation
	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?	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?	Yes – see recommendation
	Do salaries paid agree with those approved by the Council?	Yes
	Are salaries above the National Living Wage / Minimum Wage?	Yes

Internal Control	Test	Observations / Recommendations
	Are other payments to employees reasonable and approved by the Council?	Yes
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes
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 – July 2022
	Does the asset insurance valuations agree with those in the asset register?	See recommendation
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
Year-End Procedures	Are year-end accounts prepared on 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?	N/a – not eligible

Internal Control	Test	Observations / Recommendations
	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	Are minutes for the whole year on the website?	Yes
	Are agendas for the whole year on the website?	Yes
	Are payments over £100 detailed on the website?	Yes
	Have electors' rights been correctly advertised on the website, including explanatory notes?	Yes
	Are councillors' responsibilities detailed on the website?	Yes
	Is the last financial year's Annual Return on the website?	Yes
	Are the land and building asset details on the website?	Yes
Councils that are Burial Authorities	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 the 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 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 Council?	N/a
Councils with Charities	Are all Charities up to date with Charity Commission filing requirements?	N/a
	Has the Council been named as Sole Trustee on the Charity Commission Register?	N/a

Internal Control	Test	Observations / Recommendations
	Is the Council acting in accordance with the Charity Trust Deed?	N/a
	Are the Charity meetings and accounts recorded separately from those of the Council?	N/a
General Data Protection Regulation	Has the Council adopted a Data Protection Policy?	Yes
	Has the Council put in place Privacy Notices?	Yes
Miscellaneous	Is the Council registered with the Information Commissioners Office?	Yes
	Does the Council's website meet accessibility requirements (random sample)	Yes – see observation

I would like to commend both the Clerk and the Council on the enormous amount of work that has taken place over the last year, to bring the Council up to a level of compliance. The fact that the majority of the issues raised in last years audit have been addressed shows that the Council wishes to become compliant, and the Clerk should be thanked for the work she has done to guide this, especially being new to the role herself. Although there are some areas that still need attention, most of this is left over from previous non-compliance and it can take some years for these issues to 'clear through the system' and for 'Yes' to be reported to everything. Where there is a 'No' reported, this is mainly historic prior to the last audit, and I can see that these issues have been addressed for the 2023/24 year.

Summary of Recommendations:

- The contract of employment states that the hours will be 2 to 4 per week. It's unusual to have this flexibility within an employment contract, and I would recommend that this is reworded to allow for 2.5 hours per week (which is the minimum required to do the job effectively) to be worked flexibly throughout the year according to the demands of the workload. Further clauses within the contract already allow for overtime payments where required.
- 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 of the Practitioners Guide 2020.
- I note the Council is insured using the Zurich basic policy, recent experience by another clerk has found that this policy did not include street furniture. As the Council's asset register is made up of street furniture and a defibrillator, I would recommend that the Clerk checks with Zurich that this policy does cover those items.
- The Council did not produce a budget for 2022/23, prior to the new Clerk taking over. Therefore I have to tick 'No' on the Internal Audit page of the AGAR. I note that the Council has produced a budget for 2023/24 however has not budgeted any contingency, or for any election costs (including uncontested election which will be billed by North Norfolk District Council). This may eat into the very small bank

balance the Council had available, and I would urge extra caution when making any form of expenditure, as the Council has very little reserves available.

- The minutes show regular reporting of the bank balance, but do not record any reporting of expenditure against budget. This should be reported on a quarterly basis as a minimum.

Observations

I note that the Council has started a recycling scheme, and the Clerk will be able to claim recycling credits for this.

An expenses claim was paid to P Chapman in May 2022, this was not supported with any receipts. Council should only pay expenses that are receipted, or mileage that is clearly recorded and approved.

A salary payment was made to P Chapman in July 2022, this was the final payment to the former Clerk. I can see that PAYE was operated properly by the new Clerk.

There were a few minor errors in the recording of VAT which I have discussed with the Clerk, a claim has not yet been made so these have been corrected and the Clerk will make the claim.

The Council has inevitably worked its way through much of its reserves, with just £420.75 remaining at the year end. A Council of this size should hold, as a minimum, six months of revenue expenditure (£1,125 based on the 2023/24 budget) and needs to build this up through the precept in the coming years.

I note that the Clerk was asked to apply for funding for a replacement SAM2 sign, which would require 25% funding from the PC (£735). However the Council has not budgeted for their share of this, so would need to fund raise or apply for grants from elsewhere as they do not have sufficient funds for this.

The Annual Accounting Statement 2021/22 was not signed by the Chairman, this forms part of the legal document. Please arrange for this to be signed and a new copy uploaded to the website.

The Council is required to have a website accessible to WCAG 2.1 standards. A random sample of the page <https://matlaskeparishcouncil.norfolkparishes.gov.uk> through WebAIM (<https://wave.webaim.org/>) shows that the page had one image without alternative text, and one contract error. Overall the website is compliant.

I would like to thank the Clerk for a well presented audit, and to again commend her for the work she has put in over the last year.

Signed:.....

Date:

Notes to accompany the Internal Audit Report – to be published alongside Page 4 of the Annual Governance Annual Return

Statement D – the 2022/23 accounting years precept was not determined from a budgeting process, no budgets had been produced. I have seen the budget for 2023/24 and can see that steps have been taken to rectify this.

Catherine Moore
Internal Auditor
4th May 2023