

Horning Parish Council

Internal Audit Report

For Horning Parish Council

Financial Year 2022/23

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

Prepared by Catherine Moore
26th May 2023

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I have completed an internal audit of the accounts for Horning 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	Undated
	Date Financial Regulations last reviewed	Undated
	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?	Not all – see observation
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is S137 expenditure separately recorded and within statutory limits?	N/a – GpoC adopted
	Have S137 payments been approved and included in the minutes as such?	N/a – GpoC adopted
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 – November 2022
	Is insurance cover appropriate and adequate?	Yes

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?	Yes
	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
	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 observation re: litter picker
	Do salaries paid agree with those approved by the Council?	Yes – see observation
	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 - 2023
	Does the 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
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?	Yes

Internal Control	Test	Observations / Recommendations
	Have points raised on the last Internal Audit report been considered by Council and actioned?	Most
Transparency: For smaller councils with turnover under £25,000	Are minutes for the whole year on the website?	N/a
	Are agendas for the whole year on the website?	N/a
	Are payments over £100 detailed on the website?	N/a
	Have electors' rights been correctly advertised on the website, including explanatory notes?	N/a
	Are councillors' responsibilities detailed on the website?	N/a
	Is the last financial year's Annual Return on the website?	N/a
	Are the land and building asset details on the website?	N/a
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?	Yes
	Have fees for the allotments been reviewed and agreed by Council?	Not covered
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

Summary of Recommendations:

There is no audit trail for the slipway mooring fees, a record of the cash received and banked should be kept for audit purposes.

As noted last year, 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.

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Observations

I note that the Litter Picker is a self employed litter picker and as such holds their own public liability insurance as a contractor, rather than an employee of the Council.

The last SCP increase (Clerk's agreed rate, determined nationally) have not been applied – the Clerk was appointed to SCP24 which in 2021/22 was £15.16, and then moved to SCP28 (£17.05) from June 2022. All scales increased in November 2022 by £1/hour backdated to 1st April 2022. Therefore the Clerk is owed £434.50 in backdated pay rises for the 2022/23 year and £76 for 2023/24 to date (April and May 2023). Pension deductions will need to be applied to this, the Clerk should be paid £18.05 per hour from now on. The Clerk should look out for announcements about the 2023/24 salary scales and apply this at the next available pay run.

There were missing invoices from the records again this year.

The Council has a standing order set up to CGM for £84.26 per month. The bills for April 2022 to September 2022 were £89.88, with the October 2022 bill being £44.94. After this date there were no invoices presented. The Council should pay contractors against bills received, not by Standing Order, to ensure that the correct amount is paid. The Clerk will

need to contact CGM regarding bringing the account up to date and reclaiming any overpayment.

Some suppliers were paid the wrong amount as Standing Orders were not updated (eg CGM), and one payment was made by standing order for an amount more than the invoice. The balance of this account should be calculated and brought up to date.

I note that the Clerk waived her contractual right to the national pay award made in November 2022, backdated to 1st April 2022, and is taking this from 1st April 2023. A further pay award is due for the 2023/24 year which is likely to be backdated to 1st April 2023.

The dates for the Exercise of Electors Rights for 2021/22 were not adequate. The period of electors rights was set as Monday 20th June 2022 to Tuesday 19th July 2022 which was 8 days short of the 30 working days required. Therefore I must tick 'No' to Box M of the internal audit report. An addendum to Page 3 accompanies the AGAR and must be submitted.

Signed:..... Date:

Notes to accompany the Internal Audit Report – for PKF Littlejohn

Statement M – the period of electors rights was set as 8 days less than the 30 working day period.

Catherine Moore
Internal Auditor
31st May 2023