**Billingford Parish Council**

Internal Audit Report

Financial Year 2023-24

Prepared by Clare Morton

17 May 2024

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

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

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| **Internal control**  | **Test**  | **Observations**  |
| Proper bookkeeping  | Is the cashbook maintained and up to date?  | Yes  |
| Is the cashbook arithmetically correct?  | Yes, totals bank accounts –  |
| Is the cashbook regularly balanced?  | Accounts updates given at each meeting  |
| Standing Orders, Financial Regulations and payment controls  | Has the council formally adopted Standing Orders and Financial Regulations?   | Yes  |
| Date Standing Orders last reviewed  | Present on website but undated, no evidence of review. |
| Date Financial Regulations last reviewed  | Copy on website is undated – a paper copy with Review date 31.03.2024 has been viewed. Minutes of 15th April 2024 did not review this documentation. |
| Has a Responsible finance officer been appointed with specific duties?   | Yes – Parish Clerk is RFO  |
| Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?  | Yes – majority of payments have accompanying invoice and are minuted  |
| Has VAT on payments been identified, recorded and reclaimed?  | Yes – last claim Mar 24  |
| Is s137 expenditure separately recorded and within statutory limits?  | no  |
| Have S137 payments been approved and included in the minutes as such?  | no |
| 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 risk register updated Mar 24, and minutes confirm asset inspection has also taken place.  |
| Is insurance cover appropriate and adequate?  | Schedule not seen however Asset register indicates insurance is in place.  |
| Are internal financial controls documented and regularly reviewed?  | Evidence of regular reconciliation of expenditure with bank statements  |

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| **Internal control**  | **Test**  | **Observations**  |
| Budgetary controls  | Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?  | Yes- December minutes  |
| 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 – budget monitoring report to each meeting  |
| Are there any significant unexplained variances from budget?  | No  |
| Income controls         | Is income properly recorded and promptly banked?  | Yes – little supporting paperwork available. |
| Does the precept recorded agree to the Council Tax authority’s notification?  | Yes  |
| Are security controls over cash and nearcash 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  |
| Do salaries paid agree with those approved by the council?  | Yes  |
| Are salaries above the National Living Wage/Minimum Wage?  | Yes  |
| Are other payments to employees reasonable and approved by the council?  | Yes – expense invoices seen  |
| Have PAYE/NIC been properly operated by the council as an employer?  | Yes – payslips provided  |

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| **Internal control**  | **Test**  | **Observations**  |
| 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?  | Updated Mar 24 |
| Do asset insurance valuations agree with those in the asset register?  | Schedule not seen however Asset register indicates insurance is in place. |
| 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 using the correct accounting basis (Receipts and Payments or Income and Expenditure)?  | Yes  |
| Do accounts agree with the cash book?  | Some very minor discrepancies |
| Has a year-end bank reconciliation been undertaken?  | Yes  |
| Is there an audit trail from underlying financial records to the accounts?  | Yes – majority of invoices present and included in expenditure spreadsheet  |
| Procedural  | Is eligibility for the General Power of Competence properly evidenced?  | No – see notes |
| Have points raised on the last Internal Audit report been considered by council and actioned?  | N/A  |
| Transparency: For smaller councils with turnover under £25,000  | Minutes for whole year on website?  | Yes  |
| Agendas for whole year on website?  | Yes  |
| Payments over £100 detailed on website?  | Yes  |
| Electors’ rights advertised on website?  | Yes  |
| Councillors’ responsibilities detailed on website?  | Yes  |
| **Internal control**  | **Test**  | **Observations**  |
|  | 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)  | Website mentions playing fields.  |
| Allotments only only  | 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  |

**Summary of my observations / recommendations:**

On the Summary of Receipts and Payments, the value for the Age Concern donation of £25 is missing from the figures column, and the TT Jones Electrical value if recorded s £157.78 but should be £153.78.

In the minutes, the HMRC tax for Nov- Dec 23 is recorded as £72.29 when it should be £72.20.

The total for VAT is recorded as £45.18 when it should be £54.31. However, the totals stated are correct so the bank reconciliation is valid.

Very little of the income has paperwork to support it, nor is it recorded in the minutes.

The 9th June 2023 minutes item 19 indicates that the General Power of Competence is to be used but I question as to whether the criteria for 2/3rds of council positions to be elected has been reached, or even if the Parish Council was quorate. There is no indication in any documentation provided that – following the 4th May election where there were only 2 unopposed candidates Cllrs Richardson and Payne – that Breckland District Council used it’s powers to make the Billingford PC quorate under Section 91 of the Local government Act 1972 which allows the District Council to appoint a sufficient number of parish councillors on a temporary basis, to enable the work of the Parish Council to continue until it has co-opted or elected sufficient councillors to be quorate.

My interpretation is that at the time, there were 2 elected councillors from the 4th May 23 election - Cllrs Richardson and Payne, 2 more claimed to be present but were not actually elected until 22nd June – Cllrs Lake and Crudgington, and one more – Cllr Cutcher - who was co-opted at the 9th June meeting. Setting aside the question of whether the PC was quoarte to carry out any business, there being 7 council positions, and only 2 were elected, and the 2/3rds requirement for GPOC would require there to be 5 elected so the GPOC requirements are not met.

Only the back page of each set of minutes are signed, each page should be initialled to prevent indivdual pages from being substituted.

On the website, under Meetings and Finance, there is a decimal point missing concerning the S137 payments -The annual maximum that can be spent is £1081 multiplied by the number of electors.  This should read £10.81.

Internal Auditor

Clare Morton 19/05/2024