

Syderstone Parish Council

Internal Audit Report

For Syderstone Parish Council

Financial Year 2021/22

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

Prepared by Catherine Moore
14th May 2022

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I have completed an internal audit of the accounts for Syderstone Council for the year ending 31st March 2022. 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	April 2020 – see recommendation
	Date Financial Regulations last reviewed	October 2019
	Has a Responsible Financial Officer been appointed with specific duties?	Yes – Parish Clerk (see notes)
	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
	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?	No – see recommendation
	Is insurance cover appropriate and adequate?	Yes

Internal Control	Test	Observations / Recommendations
	Are internal financial controls documented and regularly reviewed?	No – see recommendation
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 – see note
	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?	No – 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 – see note
	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 – April 2022
	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?	N/a – not adopted

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 but incomplete – see notes
	Are the land and building asset details on the website?	No – see recommendation
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?	No – see recommendation
	Has the Council put in place Privacy Notices?	No – see recommendation
Miscellaneous	Is the Council registered with the Information Commissioners Office?	Yes
	Does the Council's website meet accessibility requirements (random sample)	Partially – see recommendation

Summary of Recommendations:

The Standing Orders were last reviewed April 2020 and still contain a number of clauses relating to the Covid legislation which expired in May 2021. These should be reviewed and brought back into line with current practice and legislation. The Financial Regulations were last reviewed in October 2019, so are due for review this year.

The Risk Assessment was last reviewed in May 2020, and should be reviewed annually as part of the Council's risk management procedures. I can see that the document is adequate so I do not feel that this is material enough for me to tick 'No' to Statement C of the Internal Audit Report on this occasion.

The Council should adopt, and review annually, a Statement of Internal Control, which sets out alongside the risk assessment, the measures the Council takes to prevent and detect fraud and dishonesty.

The Clerk does not currently have a contract of employment, and this is being considered at the next HR meeting. Council should be aware that they have a requirement as an employer to present any employee with a copy of their terms and conditions on or before their first date of employment. I understand that the Clerk had an old contract however this related to being self employed, which is no longer permitted for clerks.

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 that the regular payments to D Niemann for newsletter delivery are to pay a local person to deliver these – this should be recorded in more detail on the payments voucher as the current recording implies that D Niemann is receiving remuneration for work carried out, which is not permitted for Councillors.

Under the 2015 Transparency Code for Smaller Authorities, the Council should publish certain information on land and building assets it owns. I have given guidance to the Clerk on where she can find more information on this.

The Council has not adopted any documents required under the General Data Protection Regulation, which came into force May 2018. I would recommend that the Clerk attends training on this, so that the correct documents and procedures can be put in place.

The Council is required to have a website accessible to WCAG 2.1 standards. A random sample of the page <https://syderstoneparishcouncil.norfolkparishes.gov.uk/> through WebAIM (<https://wave.webaim.org/>) shows that the website mostly compliant, however there is 1 compliance error (missing page title) and some skipped heading levels. I have not been able to test a random sample PDF for accessibility as the checker has not been working. These elements assist screen readers in 'reading' the documents / website and should be adopted going forward as they form part of the accessibility requirements.

Notes

The Responsible Financial Officer is appointed each year at the Annual Parish Council Meeting. This is not required as the RFO appointment is part of the Clerk's contract and role as an employee.

The Council's budget should include a completed year, for comparison purposes. This is contained within hidden cells on the spreadsheet, but should be unhidden when presented to Council.

The Council held two meetings on 20th May 2021, one was the Annual Meeting and one was the ordinary meeting. Two separate meetings are not required, as the Annual Meeting is simply the May meeting with a few statutory and annual items added at the beginning. The minutes of both meetings should be approved at the next meeting (June) and should not be withheld for approval for a year.

The Clerk is regularly incurring expenses in excess of £200 (and sometimes over £400). The Council should satisfy themselves that the Clerk is happy to subsidise the Council for short periods, and should ideally apply for a purchasing card so that the Clerk is not being financially inconvenienced with these large purchases.

The published Annual Return for 2020/21 does not show the signatures required on the various sections. Part of the publishing requirements is to publish the completed AGAR, which includes the signatures. An alternative signature can be used if those signing do not wish to publish their signatures. Therefore I have to tick 'No' to Statement N on the Annual Return.

I note that the Council has not held an Annual Parish Meeting since 2019. The 2020 APM was not required due to Covid restrictions, however the 2021 should have taken place electronically; and the 2022 meeting should have taken place as there are no longer any Covid restrictions.

I would like to thank the Clerk for a well presented set of accounts and audit documents.

Signed:..... Date: