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## **Internal Audit Report for Noak Bridge Parish Council**

24<sup>th</sup> May 2022

The annual meeting was inquorate, with only two councillors present but I note that their first action was to appoint a borough councillor to act under reserve powers until more councillors were recruited.

Internal audit considered at minute 353/2021. Actions agreed at minute 367/2021

Annual Governance statements approved at minute 354/2021.

The Council has begun a neighbourhood plan and received grants to support the work.

The previous year precept of £43,566 agrees with the PKF published figure and received in two tranches. A precept of £43,777 was set for the coming year.

Although there is good evidence of regular review and strong financial control, the statement of financial control has not been reviewed in the audit year.

### **Matters raised from previous audits**

In previous audits, it was noted that the council has experienced long-term staffing difficulties. In common with several other parish councils, Noak Bridge has been unable to recruit a Clerk and RFO in the audit year, and this has made it difficult for the Council to meet their governance obligations. It remains to the Council's credit that they continue to deliver a service to the residents, and I can confirm that that the council has fulfilled its statutory duties. but the lack of a Clerk and RFO leaves the Councillors at risk, and this must be reflected in the risk assessment.

The post of RFO is a statutory requirement, as is the requirement to appoint a Proper Officer. As required by standing order 15, a named councillor has been appointed as acting Clerk and RFO.

In the absence of a Clerk, the Minutes should identify their author.

Internal Control	Testing		Comments
Proper bookkeeping	<ul style="list-style-type: none"> <li>• Is the cashbook maintained and up to date?</li> <li>• Is the cashbook arithmetic correct?</li> <li>• Is the cashbook regularly balanced?</li> </ul>	Y	The Council uses a spreadsheet to manage the cashbook which has been simplified in the audit year. The Account is balanced monthly and regular reconciliations were made and the results reported to council at every meeting. Year end reconciliations match to bank statements.

a) standing orders and financial regulations adopted and applied; and  b) payments controls	Has the council formally adopted standing orders and financial regulations?	Y	Standing orders were reviewed at minute 203/2020. Amended at minute 449/2022. Financial regulations were reviewed and amended at minute 430/2022
	Has a Responsible financial officer been appointed with specific duties?	N	There was no Clerk or RFO in post for the audit year but standing orders 15a and 16a have been amended to allow Councillors to manage the role in the absence of a salaried Clerk.
	Have items or services above the de minimus amount been competitively purchased?	N/A	
	Are payments in the cashbook supported by invoices, authorised and minuted?	N/A	Sample invoices provided remotely.
	Has VAT on payments been identified, recorded and reclaimed?	Y	VAT Claim for £2,179 made March 2022. Separate VAT reports kept, and VAT recorded in cashbook.
Risk management arrangements	Is s137 expenditure separately recorded and within statutory limits?	N	No S137 spend identified in audit year.
	Does a review of the minutes identify any unusual financial activity?	N	Transactions reported in the minutes match-up to the cashbook. Where relevant the spreadsheet transaction refers back to authorising minute.
	Do minutes record the council carrying out an annual risk assessment?	N	2021 Risk assessment updated at minute 335/2021.

	<p>Is insurance cover appropriate and adequate?</p> <p>Are internal financial controls documented and regularly reviewed?</p>	<p>Y</p> <p>Y</p>	<p>Annual assessment covers the governance, financial and physical risks as perceived by the council. The risk assessment makes frequent reference to the duties of Clerk and Responsible Financial Officer but does not reference the mitigation steps required for the continued absence of these roles.</p> <p>Standard local government cover provided by BHIB as part of long-term agreement which expires in 2024.</p> <p>Statement of financial control last approved in May 2018.</p>
Budgetary Controls	<p>Has the council prepared an annual budget in support of its precept?</p> <p>Is actual expenditure against the budget regularly reported to the council?</p> <p>Are there any significant unexplained variances from budget?</p>	<p>Y</p> <p>Y</p> <p>N</p>	<p>The Council noted and approved budget proposals at minute 431/2022 and based on a detailed projection on spending broken-down by cost codes.</p> <p>Monthly reports given to Council.</p>
Income Controls	<p>Is income properly recorded and promptly banked?</p> <p>Does the precept recorded agree to the Council Tax authority's notification?</p> <p>Are security controls over cash and near-cash adequate and effective?</p>	<p>Y</p> <p>Y</p> <p>N/A</p>	<p>No cash payments made; all income received directly into the account.</p> <p>A precept of £ £43,777 was set at minute 431/2021</p>

Petty cash procedures	<p>Is all petty cash spent recorded and supported by VAT invoices/receipts?</p> <p>Is petty cash expenditure reported to each council meeting?</p> <p>Is petty cash reimbursement carried out regularly?</p>	N/A	
Payroll Controls	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Do salaries paid agree with those approved by the council?</p> <p>Are other payments to employees reasonable and approved by the council?</p> <p>Have PAYE/NIC been properly operated by the council as an employer?</p>	N/A	<p>No Clerk has been in post during the audit year, but previous employees were appointed on NALC SLCC standard terms and conditions.</p> <p>No payments made.</p> <p>No payments made.</p> <p>No PAYE/NIC payments made</p>
Assets controls	<p>Does the council maintain a register of all material assets owned or in its care?</p> <p>Are the assets and Investments registers up to date?</p> <p>Do asset insurance valuations agree with those in the asset register?</p>	<p>Y</p> <p>Y</p> <p>Y</p>	<p>Asset register updated and approved at minute 462/2022.</p> <p>Uses the same list.</p>
Bank Reconciliation	<p>Is there a bank reconciliation for each account?</p> <p>Is a bank reconciliation carried out regularly and in a timely fashion?</p> <p>Are there any unexplained balancing entries in any reconciliation?</p>	<p>Y</p> <p>Y</p> <p>N</p>	<p>Two accounts held and reconciled.</p> <p>Prepared monthly.</p>

	Is the value of investments held summarised on the reconciliation?	Y	
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Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Y	Income and expenditure accounting is followed.
	Do accounts agree with the cashbook?	Y	
	Is there an audit trail from underlying financial records to the accounts?	Y	
	Where appropriate, have debtors and creditors been properly recorded?	N/A	Cash Accounting