



LetchWood Business Management
134 Witham Road,
Black Notley,
Essex CM77 8LN
Tel 07932 144777 e-mail info@letchwood.co.uk

Internal Audit Report for Noak Bridge Parish Council

22nd May 2023

Internal audit considered at minute 492.1/2022. Actions agreed at minute 492.5/2022

Annual Governance statements approved at minute 492.2/2022.

Finance statement agreed at 492.3/2022.

The Council's work on a neighbourhood plan continues and grants are being received to support the work.

A poll was claimed for a casual vacancy which carried a cost of £2,611.

I note that the budget and precept were agreed, but the sum for each should be declared in the minutes. The previous year precept of £43,778 agrees with the PKF published figure and received in two tranches. An unchanged precept of £43,777 was set for the coming year.

The Council made a grant of £100 to the primary school for drawing equipment. Precepting authorities cannot cross-fund so the minutes should make it clear that the money was being given to the school PTA or similar organisation.

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 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.

Internal Control	Testing		Comments
Proper bookkeeping	<ul style="list-style-type: none"> • Is the cashbook maintained and up to date? • Is the cashbook arithmetic correct? • Is the cashbook regularly balanced? 	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 and amended at minute 449/2022. Financial regulations were reviewed and amended at minute 05/2023
	Has a Responsible financial officer been appointed with specific duties?	N	There was no Clerk or RFO in post for the audit year. In 2022, standing orders 15a and 16a were 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?	Y	Sample invoices provided remotely.
	Has VAT on payments been identified, recorded and reclaimed?	Y	VAT Claim for £2,179 made March 2022 and received on 20 th April. VAT claim for £5,542 made in audit year. Separate VAT reports kept, and VAT recorded in cashbook.
	Is s137 expenditure separately recorded and within statutory limits?	Y	£200 S137 spend identified in audit year.
Risk management arrangements	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?	Y	2022 -23 Risk assessment updated at minute 476/2022. Assessment still refers to social distancing guidelines and remote meetings.
	Is insurance cover appropriate and adequate?	Y	Standard local government cover provided by BHIB policy LCO02121-643246 as part of long-term agreement which expires in 2024.
	Are internal financial controls documented and regularly reviewed?	Y	Statement of internal financial control last approved at minute 521/2022

Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Y	The Council noted and approved budget proposals at minute 06/2023 and based on a detailed projection on spending broken-down by cost codes. The precept and budget sums were not reported in the minutes.
	Is actual expenditure against the budget regularly reported to the council?	Y	Monthly reports given to Council.
	Are there any significant unexplained variances from budget?	N	

Income Controls	Is income properly recorded and promptly banked?	Y	No cash payments made; all income received directly into the account.
	Does the precept recorded agree to the Council Tax authority's notification?	Y	A precept of £ £43,777 was set at minute 431/2021 which agrees with the published figure.
	Are security controls over cash and near-cash adequate and effective?	N/A	

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 last 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	
--	--	---	--

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