

Marlingford and Colton Council

Internal Audit Report
Financial Year 2023/24

Prepared by Sonya Blythe
20 April 2024

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

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

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook 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	2021
	Date Financial Regulations last reviewed	September 23
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, evidenced from invoice to minutes to bank statements
	Has VAT on payments been identified, recorded and reclaimed?	Yes, separate column in cashbook. Refund received May 23
	Is s137 expenditure separately recorded and within statutory limits?	No column in cashbook *see recommendation
Have S137 payments been approved and included in the minutes as such?	Power unused	
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 – September 23 minutes
	Is insurance cover appropriate and adequate?	Liability cover adequate
	Are internal financial controls documented and regularly reviewed?	Yes- September 23 minutes

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?	2324 – January 2023 minutes 2425 – December 2023 minutes
	Has the precept been calculated from the budget and been approved?	2324 – approved as £10,900 2425 – approved as £12,140
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes, regular reports given
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes – all BACS payments
	Does the precept recorded agree to the Council Tax authority's notification?	Remittance £10900 Bank statements £10900
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?	Seen previously
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes National pay rise actioned November 23 minutes
	Are other payments to employees reasonable and approved by the council?	Yes, expense claims seen
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, payslips account for PAYE / payments made online to HMRC

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?	January 2024 minutes
	Do asset insurance valuations agree with those in the asset register?	Yes, schedule seen
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?	Finance update given at each meeting
	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, R&P
	Do accounts agree with the cash book?	Bank statements: £3445.41 AGAR: £3445
	Has a year-end bank reconciliation been undertaken?	Yes, £3,445.41
	Is there an audit trail from underlying financial records to the accounts?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A – lost due to insufficient number of Councillors
	Have points raised on the last Internal Audit report been considered by council and actioned?	Keep agendas published until your end – yes Update risk assessment – yes (Sep 23 minutes)
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, all payments recorded in minutes
	Electors' rights advertised on website?	Yes

Internal control	Test	Observations
	Councillors' responsibilities detailed on website?	Yes
	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)	Yes

Summary of report:

Thank you to Maria for supplying all the documentation so promptly.

- I have checked through your accounts and confirmed them against income and expenditure receipts, as well as against payments in your cashbook. Bank reconciliations are regularly carried out for the accounts.
- I have confirmed that your Financial Regulations and Standing Orders are up to date.
- I have noted that your VAT has been claimed within the past year
- I have verified that your insurance is adequate
- I confirm that your payroll management meets requirements
- I have reviewed your budget setting process and noted that you provide Council with regular spend against budget information
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

I have no concerns to raise and as such have signed the internal audit section of the AGAR.

Notes / recommendations for 24/25:

Email management – the JPAG Practitioners Guide states that “every authority should have an email account that belongs to the council and to which the council has access – this ideally would be a .gov.uk or .org.uk address or could be an address linked to the council website”. As you currently use a Gmail email this should be considered.

Your reserves have reduced significantly in the last year, due to expenditure of CIL. It is recommended that reserves should sit at 50-100% of your precept. As you are responsible for a collection of play equipment, I would suggest that your reserves are too low. Consideration should be given to increasing the precept at budget-setting time and starting an ear-marked reserve for equipment maintenance / replacement.

As you have lost your General Power of Competence, you should add a S137 column into your cashbook, even if the column is unused.

Sonya

Sonya Blythe
Internal auditor