

# **Methwold Parish Council**

Internal Audit Report

For Methwold Parish Council

Financial Year 2018/19

Including Explanatory Notes for Annual Governance and Accountability  
Return  
(where a 'no' has been marked on page 4)

Prepared by M Bergin, 4 June 2019

I have completed an internal audit of the accounts for Methwold Parish Council for the year ending 31 March 2019.

My findings are detailed below using the tests provided in the Governance and Accountability for Smaller Authorities in England March 2018.

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

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 – monthly
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	April 2018
	Date Financial Regulations last reviewed	May 2018 due for review
	Has a Responsible finance officer been appointed with specific duties?	Yes – but see notes regarding duties.
	Have items or services above the de minimus amount been competitively purchased?	Yes
	Are payments in the cashbook 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?	There has been no S137 expenditure.
Have S137 payments been approved and included in the minutes as such?	Not applicable	
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 – reviewed by committee but see notes.

Internal control	Test	Observations
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – minuted as approved in November 2018
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	The previous years' figures were available to council.
	Is actual expenditure against budget regularly reported to the council?	Yes
	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?	Petty cash system not operated by this council.
	Is petty cash expenditure reported to each council meeting?	Not applicable
	Is petty cash reimbursement carried out regularly?	Not applicable
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

Internal control	Test	Observations
	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 – reviewed January 2019
	Do 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 – monthly
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes – monthly
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	No investments
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cashbook?	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?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Not applicable
	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	Minutes for whole year on website?	Not applicable
	Agendas for whole year on website?	Not applicable

Internal control	Test	Observations
	Payments over £100 detailed on website?	Not applicable
	Electors' rights advertised on website?	Not applicable
	Councillors' responsibilities detailed on website?	Not applicable
	Last financial year's Annual Return on website?	Not applicable
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Not applicable
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	Yes
	Have fees for the cemetery been reviewed and agreed by Council?	Yes
	Were comparisons made with other cemeteries prior to setting the fees?	Yes
Allotments	Have burial books been kept up to date and are they safely stored?	Yes
	Has a list of allotment holders with amounts paid to Council been submitted?	Not applicable
Councils with charities only	Have fees for the allotments been reviewed and agreed by Council?	Not applicable
	Have Charities reported and accounted separately?	Not applicable
	Have the Charity accounts been independently audited?	Not applicable
	Have the Charity accounts and Annual Return been filed within the legal time limit?	Not applicable

**Summary of my recommendations:**

All documents viewed, relating to council practices were in very good order, as at the last internal audit.

A comprehensive risk assessment has been carried out by committee. This should be presented to the full council at a full council meeting and the minutes of the meeting should indicate that the review has been carried out and the results presented to the full council.

The duties of the RFO are contained in the Parish Clerk's contract of employment. RFO duties should also be contained in Council standing orders – preferably the financial standing orders.

The Parish Council owns its own website (the previous site was privately owned), that has recently become live. The new site is excellent – simple to navigate and containing, at the time of this audit, all the information required by statute. The site meets the tests for accessibility, that is, perceivable, operable, understandable and robust. All this indicates excellent work by the Parish Clerk and the person who set up the site.

I recommend that, subject to the approval of council, the following items of information be placed on the site for the benefit and information of residents:

- The Parish Council is the Burial Authority and it would be useful to display on the site a list of charges, cemetery rules etc. Persons requiring this information would almost certainly expect it to be available on the Parish Council website.
- The asset list, including current values should be on the website. This is, of course, a statutory requirement for councils with a turnover under £25k. I would urge that this practice be followed by Methwold Parish Council. This would inform residents of the value of much of the equipment owned by the council.

M Bergin

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Signed

4 June 2019

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Date