

TOWN AND PARISH COUNCIL INTERNAL AUDIT TESTING

MASHAM PARISH COUNCIL

INTERNAL AUDIT REPORT

CLERK: JEN HURFORD

AUDIT: 4th AUGUST 2023

YEAR ENDING: 31ST MARCH 2023

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
PROPER BOOKKEEPING	Is the cashbook maintained and up to date?	Maintained on excel spreadsheet	
	Is the cashbook arithmetically correct?	Automatic balancing – formulae checked.	
	Is the cashbook regularly balanced?	Balanced to bank statement when received each month.	
A) STANDING ORDERS AND FINANCIAL REGULATIONS ADOPTED AND APPLIED; AND B) PAYMENTS CONTROLS	Has the council formally adopted standing orders and financial regulations?	Standing Orders were reviewed in July 2022 to reflect the NALC standard. Financial Regulations adopted at the 2 nd September 2019 meeting.	

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	Has a Responsible financial officer been appointed with specific duties?	Jen Hurford appointed as RFO. She has a job description and list of duties	
	Have items or services above the de minimus amount been competitively purchased?	Quotations required for purchases of over £1,500. Quotations for the resurfacing of the Market Square were received.	
	Are payments in the cashbook supported by invoices, authorised and minuted?	All payments were supported by invoices or receipts and recorded in Parish Council minutes	
	Has VAT on payments been identified, recorded and reclaimed?	VAT is recorded in cashbook and was reclaimed from HMRC during the year.	
	Is s137 expenditure separately recorded and within statutory limits?	S137 expenditure is recorded in cashbook, separately identified in accounts, and totalled £11,562, considerably more than the previous year due to the Jubilee celebrations.	
RISK MANAGEMENT ARRANGEMENTS	Does a review of the minutes identify any unusual financial activity?	No activities outside the scope of a parish council observed.	

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	Do minutes record the council carrying out an annual risk assessment?	Yes – the Risk Assessment was last updated in April 2017 but recent risk assessment activity has been undertaken relating to the Market. Safety inspections of play equipment are undertaken annually by HBC. Regular inspections of the MUGA and play equipment are undertaken.	
	Is insurance cover appropriate and adequate?	Policy with BHIB Ltd – for year ended 31 st May 2023. £10m public liability cover and £10m employer’s liability. Includes up to £350 money cover in a member or employee’s home. Fidelity Guarantee cover of £250k.	
	Are internal financial controls documented and regularly reviewed?	In the past a Councillor has undertaken quarterly reviews of financial processes and these have now been reinstated after the pandemic. Internet payments were introduced during the previous year but most payments continue to be made by cheque.	
	(Burial Authorities only) Is the Council aware of the Ministry of Justice guidance on “Managing the Safety of Burial Ground Memorials”	Not applicable.	
BUDGETARY CONTROLS	Has the council prepared an annual budget in support of its precept?	A budget for 2023/24 has been agreed but the Council did not levy a precept as was the case in previous years.	

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	Is actual expenditure against the budget regularly reported to the council?	All expenditure is reported to the Council, together with a schedule comparing income and expenditure to budget, at each meeting.	
	Are there any significant unexplained variances from budget?	The council's balances reduced by £35,000 during the year as a result of exceptional expenditure on the resurfacing of the Market Square and the Jubilee celebrations.	
INCOME CONTROLS	Is income properly recorded and promptly banked?	Main income from market rents and honesty box (both of which had reduced from 2021/22), but also contributions towards Christmas lights and grants.	
	Does the precept recorded agree to the Council Tax authority's notification?	No precept	
	Are security controls over cash and near-cash adequate and effective?	No cash held in office – honesty box income taken to bank on day boxes are emptied but market rents are now collected by hand held payment machine.	
PETTY CASH PROCEDURES	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash – Clerk incurs incidental expenses and is reimbursed on a regular basis.	
	Is petty cash expenditure reported to each council meeting?	N/A	

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	Is petty cash reimbursement carried out regularly?	N/A	
PAYROLL CONTROLS	Do all employees have contracts of employment with clear terms and conditions?	Contracts seen for all employees at previous audits.	
	Do salaries paid agree with those approved by the council?	Salaries approved by Council at each meeting.	
	Are other payments to employees reasonable and approved by the council?	Some expenses paid to employees that appear reasonable	
	Have PAYE/NIC been properly operated by the council as an employer?	PAYE/NIC records seen and payments made regularly to HMRC.	
ASSET CONTROLS	Does the council maintain a register of all material assets owned or in its care?	Yes – and it had been updated for defibrillators purchased during the year.	
	Are the assets and Investments registers up to date?	Yes	

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	Do asset insurance valuations agree with those in the asset register?	Yes.	
BANK RECONCILIATION	Is there a bank reconciliation for each account?	Yes - two current accounts (including one for card reader income) and a deposit account with the CCLA.	
	Is a bank reconciliation carried out regularly and in a timely fashion?	The current account is reconciled with the cashbook each month.	
	Are there any unexplained balancing entries in any reconciliation?	No balancing entries	
	Is the value of investments held summarised on the reconciliation?	No other investments.	
YEAR-END PROCEDURES	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Receipts and Payments basis – appropriate format for this council	
	Do accounts agree with the cashbook?	Accounts are balanced to records of income and expenditure in the spreadsheet maintained by the Clerk.	

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	Is there an audit trail from underlying financial records to the Accounts	Yes – within the spreadsheet	
	Where appropriate, have debtors and creditors been properly recorded?	No accruals accounting.	
OTHER ISSUES	Is the Council registered with the Information Commissioner?	Yes – registration number Z2792526 expiring 02/08/2023.	
	What arrangements does the Council have for the back up of computer files?	Back up on USB stick which is taken home by the Clerk.	
	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	No trust funds	
	Any other issues that are worthy of reporting.	No	