

Langley with Hardley Parish Council

Internal Audit Report

For Langley with Hardley Parish Council

Financial Year 2021/22

Including Explanatory Notes for Annual Return
(where a 'no' has been marked)

Prepared by Catherine Moore
3rd July 2022

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I have completed an internal audit of the accounts for Langley with Hardley Parish Council for the year ending 31st March 2022. My findings are detailed below using the tests provided in the Governance and Accountability document. I would like to thank the Clerk / RFO for providing me with all the information required for the Internal Audit.

Internal Control	Test	Observations / Recommendations
Proper bookkeeping	Is the cash book maintained and up to date?	No – see notes
	Is the cash book arithmetically correct?	Yes
	Is the cash book 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	May 2019
	Date Financial Regulations last reviewed	March 2020
	Has a Responsible Financial Officer been appointed with specific duties?	Yes – Clerk
	Have items or services above the de minimus amount been competitively purchased?	N/a
	Are payments in the cash book supported by purchase orders, invoices, authorised and minuted?	No – see recommendations
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is S137 expenditure separately recorded and within statutory limits?	Yes
	Have S137 payments been approved and included in the minutes as such?	Yes
Risk Management Arrangements	Does a review of the minutes identify any unusual financial activity?	No – see note
	Do minutes record the Council carrying out an annual risk assessment or review of their risk management scheme?	No – see recommendation
	Is insurance cover appropriate and adequate?	Yes

Internal Control	Test	Observations / Recommendations
	Are internal financial controls documented and regularly reviewed?	No – copy presented was 2019
Budgetary Controls	Has the Council prepared an annual budget in support its precept and has this been minuted as being approved?	Yes
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the Council?	Yes
	Has the Council agreed a General Reserve Policy and is this figure reflected in the 'free balance'?	No – see recommendation
	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?	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?	No – see recommendation
	Do salaries paid agree with those approved by the Council?	Yes
	Are salaries above the National Living Wage / Minimum Wage?	Yes

Internal Control	Test	Observations / Recommendations
	Are other payments to employees reasonable and approved by the Council?	Yes
	Have PAYE/NIC been properly operated by the Council as an employer?	No – see recommendation re: missing HMRC payments
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 – March 2021
	Does the 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
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
Year-End Procedures	Are year-end accounts prepared on the correct accounting basis? (Receipts and Payments or Income and Expenditure)	Yes – Receipts and Payments
	Do accounts agree with the cash book?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes – by Internal Auditor
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	N/a
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Not adopted

Internal Control	Test	Observations / Recommendations
	Have points raised on the last Internal Audit report been considered by Council and actioned?	No – see recommendations
Transparency: For smaller councils with turnover under £25,000	Are minutes for the whole year on the website?	No – none since November 2021
	Are agendas for the whole year on the website?	No – none since November 2021
	Are payments over £100 detailed on the website?	Yes
	Have electors' rights been correctly advertised on the website, including explanatory notes?	Yes
	Are councillors' responsibilities detailed on the website?	Yes
	Is the last financial year's Annual Return on the website?	Yes
	Are the land and building asset details on the website?	Yes
Councils that are Burial Authorities	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/a
	Have fees for the cemetery been reviewed and agreed by the Council?	N/a
	Were comparisons made with other cemeteries prior to setting the fees?	N/a
	Have burial books been kept up to date and are they safely stored?	N/a
Councils with Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	N/a
	Have fees for the allotments been reviewed and agreed by Council?	N/a
Councils with Charities	Are all Charities up to date with Charity Commission filing requirements?	N/a
	Has the Council been named as Sole Trustee on the Charity Commission Register?	N/a

Internal Control	Test	Observations / Recommendations
	Is the Council acting in accordance with the Charity Trust Deed?	N/a
	Are the Charity meetings and accounts recorded separately from those of the Council?	N/a
General Data Protection Regulation	Has the Council adopted a Data Protection Policy?	Yes
	Has the Council put in place Privacy Notices?	Yes
Miscellaneous	Is the Council registered with the Information Commissioners Office?	Yes
	Does the Council's website meet accessibility requirements (random sample)	Partially – see recommendation.

Summary of Recommendations:

- Three Standing Order payments were made to the former Clerk (October to December) without the relevant PAYE payments being made to HMRC. The Council must ensure these payments are made as it is the Council's responsibility as the employer. These payments will now be accruing late payment charges.
- The Council should review their risk assessments and statement of internal control annually, this was not done during 2021/22. The copy I have been sent was last reviewed in 2019.
- The Clerk does not yet have a contract of employment, which should have been presented to her on or before her first day of employment (<https://www.acas.org.uk/what-an-employment-contract-is>). I have seen the draft contract for agreement in July which is adequate. I note that the Council contractually offers the Local Government Pension Scheme.
- As noted last year, the Council should set a General Reserve Policy, setting a general reserve of between three and twelve months revenue expenditure depending on the size of the Council. Guidance is available at item 5.32 of the Practitioners Guide 2020.
- The Asset Register was last reviewed in March 2021, this should be reviewed annually ahead of insurance renewal.
- Under the Transparency Code for Smaller Authorities 2015 the Council is required to publish all agendas and minutes on their website. At the time of audit the last minutes and agendas were November 2021.
- The Council is required to have a website accessible to WCAG 2.1 standards. A random sample of the page <https://langleywithhardleypc.norfolkparishes.gov.uk/> through WebAIM (<https://wave.webaim.org/>) shows that the website is compliant. A random sample of the November 2021 minutes through Tingtun Checker (<http://checkers.eiii.eu/en/pdfcheck/>) shows that they do not have bookmarks (created from headings in Word) or document title, and that they contain table elements which would be 'read' in the wrong order by a screen reader unless correctly set up. These elements assist screen readers in 'reading' the documents / website and should be adopted going forward.

Notes

The Standing Orders were last reviewed in May 2019, so are due for review.

There are no minutes of meetings on the website since November 2021, it is a requirement of the Transparency Code that minutes are published in draft within 28 days of the meeting. I have not seen the minutes from January 2022. Therefore it has not been possible to confirm whether the precept was set correctly, or through an adequate budget process. The minutes from the March meeting have not listed out the payments approved at the meeting.

I note that as of 12th July 2022 the insurance had not been paid for, the Clerk had agreed an extension for payment with the insurance company. While it is recognised that online banking can be used, the Council must meet its financial obligations and should use cheques when necessary.

The cash book and accounts presented for audit were not completed to the year end (31st March 2022). Part of my work has included assisting the Clerk to complete and balance the cashbook, and draft the Annual Accounting Statement. Council should not that there was a two month delay between the bulk of the internal audit work, and the final signing off of the internal audit, due to delays in accessing bank statements for the second half of the financial year.

I note that it has taken some time to recruit a new Clerk, and that the Council has not been able to access their bank account for some time. Therefore some of the matters raised above are due to circumstance. I can see that prior to the departure of the previous Clerk, the records were well kept, and I am aware that the new Clerk will be bringing everything up to date once she has access to everything she needs.

Signed:..... Date: