

Hinderclay Parish Council
Internal Audit Report Financial Year 2023/24

Internal Control	Test	Observations/Recommendations	Notes
Proper bookkeeping	Is the cash book maintained and up to date?	Yes	
	Is the cash book arithmetically correct?	Yes	
	Is the cash book regularly balanced?	Yes, noted in Minutes.	
Standing Orders, Financial Regulations and Payment Controls	Has the Council formally adopted Standing Orders, Financial Regulations?	SOs, yes	
	Date S/Os last reviewed.	September 2023	
	Date FinRegs last reviewed.	2019	Recommend review and re-adoption during each financial year.
	Has a Responsible Financial Officer been appointed with specific duties?	Not clear. A clerk is mentioned in Minutes and paid as a clerk, but there is no decision by council to appoint.	
	Have items or services above the <i>de minimis</i> amount (per FinRegs) been competitively purchased?	n/a	
	Are payments in the cash book supported by purchase orders, invoices, authorised and minuted?	Authorisation minuted at each meeting. Invoices available.	

	Has VAT on payments been identified, recorded and reclaimed?	Identified and recorded, but not claimed.	
	Is s137 expenditure separately recorded and within the statutory limit (£9.93 per elector)?	Yes, and no.	Grant of £5,000 to village hall is considerably more than the approx. £3,000 allowed as suggested by census figure 2021. Another power should be identified for this expenditure.
	Have s137 payments been approved and included in the Minutes as such?	No.	Wording is vague, and may refer to an earlier decision, except a figure of £5K is nowhere within the Budget as noted in Minutes. A decision to vire from General Reserves would therefore have been needed.
Risk Management Arrangements	Does a review of the Minutes identify any unusual financial activity?	As above (£5,000 for village hall roof), because of its amount.	
	Do Minutes record the Council carrying out an annual risk assessment or review of their risk management scheme?	Yes. There is no risk management policy on the website, although there is discussion of producing one at the September 23 meeting subsequently approved Jan 24.	Put on website.
	Date of Risk Assessment/Management Policy review and adoption	n/a	

	Is insurance cover appropriate and adequate?	Yes.	
	Are internal financial controls documented and regularly reviewed?	Clear policy on internal controls, but not mentioned in Minutes.	
Budgetary controls	Has the Council prepared an annual budget in support of 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?	Not clear.	
	Has the Council agreed a General Reserve Policy?	Not formally, but it refers to its accepted reserve in Minutes November 2022.	
	Are there any significant unexplained variances from budget?	No.	
	Where necessary, does the council have a formal Investment Policy?	n/a	
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?	n/a	
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?	Not clear	
	Do salaries paid agree with those approved by the Council?	Not clear, given particular circumstances of clerk's employment during the year.	
	Are salaries above the National Living Wage / Minimum Wage?	Not throughout the entire year (decision to correct Minute 7. Jan 24)	
	Are other payments to employees reasonable and approved by the Council?	Yes.	
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes, via payroll provision from Suffolk Association of Local Councils	
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	Yes, reviewed March 2024.	

	date? When were these last reviewed?		
	Does the asset insurance valuations agree with those in the asset register?	Insurance value higher, as would be expected.	
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.	
	Do accounts agree with the cash book?	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?	n/a	

Procedural	Is eligibility for the General Power of Competence properly evidenced?	n/a	
	Have points raised on the last Internal Audit report been considered by Council and actioned?	Not all.	Recommendations are being taken on board at present.
Transparency: For smaller councils with turnover under £25,000	Have the following been published? All items of expenditure above £100; End of year accounts; Annual governance statement; Internal Audit Report; List of councillor or member responsibilities; Location of public land and building assets; Minutes, agendas and papers of formal meetings.	Not all.	Deficiencies are being rectified at present.
Councils that are Burial Authorities	Records of burials and ERoBs tally with receipts?	n/a	
Councils with Allotments	Correct notice given of increases in fees?	n/a	
Councils with Charities	Are all Charities up to date with Charity Commission filing requirements?	n/a	
General Data Protection Regulation	Has the Council adopted a Data Protection Policy?	Yes	Out of date; review in 2024/25
	Has the Council put in place Privacy Notices?	Yes.	
Miscellaneous	Is the Council registered with the Information Commissioner's Office?	Yes	

	Does the Council's website meet accessibility requirements (random sample)?	Accessibility statement on website.	
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Per Pro Services Ltd
May 2024