Hoveton Community Council

Internal Audit Report
Financial Year 2023/24

Prepared by Sonya Blythe
1 June 2024

I have completed an internal audit of the accounts for Hoveton Community 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	May 23 minutes
	Date Financial Regulations last reviewed	May 2019 minutes
	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, payments evidenced from invoice to minutes and bank statements
	Has VAT on payments been identified, recorded and reclaimed?	Yes, separate column in cashbook. Claim received September 23
	Is s137 expenditure separately recorded and within statutory limits?	S137 column in cashbook
	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, December 23 and March 24 minutes
	Is insurance cover appropriate and adequate?	Employer, public and fidelity cover in place
	Are internal financial controls documented and regularly reviewed?	No separate policy

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 – Approved December 22 minutes 2425 – Approved December 23 minutes
	Has the precept been calculated from the budget and been approved?	2324 – amount not recorded 2425 – recorded as £68,572.34
	Does the budget include an actual completed year?	No
	Is actual expenditure against budget regularly reported to the council?	September 23 and January 24 minutes
	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?	Remittance £63,147.34 Bank statement £63,147.34
	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?	Yes, contracts seen
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes Annual increment recorded in December minutes
	Are other payments to employees reasonable and approved by the council?	Yes, expense claims seen

Internal control	Test	Observations
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, P60 seen
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, May 23 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?	Reported in minutes in September, November, January minutes. Cashbook includes 6 completed reconciliations.
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	N/A
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: £58,876.80 AGAR £58,877
	Has a year-end bank reconciliation been undertaken?	Yes, £58,876.80
	Is there an audit trail from underlying financial records to the accounts?	Yes, invoices checked to cashbook
	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?	Update Standing Orders S18 - no Update Financial Regulations review due -no Update risk assessment - yes

Internal control	Test	Observations
		Add current replacement cost column to asset list - no Spend against budget reports quarterly – recorded twice in minutes Include full year accounts in budget setting document – includes estimate to current year end Minute the amount of the agreed precept -yes Carry out and report regular bank reconciliations - yes
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 in minutes
	Electors' rights advertised on website?	Yes
	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
Burial Authorities only	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 Council?	N/A
	Were comparisons made with other cemeteries prior to setting the fees?	N/A

Internal control	Test	Observations
	Have burial books been kept up to date and are they safely stored?	N/A
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	N/A – managed by Horning PC
	Have fees for the allotments been reviewed and agreed by Council?	N/A
Councils with charities only	Have Charities reported and accounted separately?	N/A
	Have the Charity accounts been independently audited?	N/A
	Have the Charity accounts and Annual Return been filed within the legal time limit?	N/A
ICO	Is Council registered with the Information Commissioners Office?	May 23 minutes
General Data Protection Regulations	Has the Council adopted a Data Protection Policy?	Yes
	Has the Council put in place Privacy Notices?	Yes
Other	Trust documents	Checked annual accounts and minutes for completeness. Accounts not audited as part of PC annual audit.

Summary of report:

Thank you to Ben for providing all of the documentation required.

- 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 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 spend against budget information

- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

-I have checked that your reserves are adequate

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

Notes / recommendations for 24/25:

- Your financial regulations have not been updated for several years. I note in your February minutes that you intend to do so this year. The new NALC Financial Regulations have now been released.

- Your asset list includes the purchase price of items, per AGAR requirements. I would recommend also adding a current replacement cost column, to ensure your asset insurance cover is adequate.

- The only minuted spend against budget reports are in the September and January minutes. It would be a good idea to formally minute consideration of the report at least quarterly so that the point D of the internal audit report – progress against the budget was regularly monitored – can be easily confirmed.

- Ideally your budget setting document should contain a full years accounts, so for the 24/25 budget setting it should have shown a completed year (22/23), as well as the predicted spend to year-end in 23/24.

Sonya

Sonya Blythe
Internal auditor