

# ***Stalham Town Council***

Internal Audit Report

For Stalham Town Council

Financial Year 2020/21

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

Prepared by Catherine Moore  
27<sup>th</sup> May 2021

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I have completed an internal audit of the accounts for Stalham Town Council for the year ending 31<sup>st</sup> March 2021. 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.

<b>Internal Control</b>	<b>Test</b>	<b>Observations / Recommendations</b>
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
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	November 2019
	Has a Responsible Financial Officer been appointed with specific duties?	Yes – Town 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?	Yes (random sample).
	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
	Do minutes record the Council carrying out an annual risk assessment or review of their risk management scheme?	Yes
	Is insurance cover appropriate and adequate?	Yes

Internal Control	Test	Observations / Recommendations
	Are internal financial controls documented and regularly reviewed?	Yes
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?	Yes
	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?	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 – updated by new Clerk
	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 <b>or</b> Income and Expenditure)	Yes – Receipts and Payments
	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?	Yes

Internal Control	Test	Observations / Recommendations
	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	Are minutes for the whole year on the website?	N/a
	Are agendas for the whole year on the website?	N/a
	Are payments over £100 detailed on the website?	N/a
	Have electors' rights been advertised on the website?	N/a
	Are councillors' responsibilities detailed on the website?	N/a
	Is the last financial year's Annual Return on the website?	N/a
	Are the land and building asset details on the website?	N/a
Councils that are Burial Authorities	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 the Council?	Scheduled for August 2021
	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?	Yes – see recommendation
Councils with Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	Yes
	Have fees for the allotments been reviewed and agreed by Council?	Scheduled for August 2021
Councils with Charities	Have Charities reported and accounted separately?	Yes
	Have Charity accounts been independently audited?	N/a
	Have the Charity accounts and Annual Return been filed within the legal time limit?	Yes

Internal Control	Test	Observations / Recommendations
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)	Yes

**Summary of Recommendations:**

- 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 burial books are currently held on a shelf in the Clerk's office. The Council should consider purchasing a fire proof safe to store any documents that are irreplaceable such as these.

**Observations**

- Due to the pandemic it has not always been possible to meet to sign paperwork, however I am satisfied that the internal controls are robust enough to mitigate this.

I would like to thank the Clerk for a well presented set of accounts and audit documents.

Signed:.....

Date: .....