

Docking Parish Council

Internal Audit Report Financial Year 2023/2024

Including explanatory notes for Annual Return
(where a no has been marked)

Prepared by Tina Cunnell BSc Hons

July 2024

Background

Docking is a parish council within the district of the Borough Council of Kings Lynn & West Norfolk. The Council consists of 11 councillors with the proper officer /clerk post currently vacant.

The council has a precept of £29,018 and provides and pays for the following services:

- Allotments
- Street lighting
- Open spaces
- Bins
- Grants

The council has been operating with the assistance of a locum clerk since July 2023 and is still hoping to recruit a permanent clerk.

Significant events 23/24

- Change of bank to Unity Trust
- Set up payment authorisation in banks for internal control
- Locum clerk appointed in July
- Moved to gov.uk emails
- Updated website

Clerk	Locum Sarah Bristow
Chair	Cllr Melanie Lewis
Total Receipts	£52,074.67
Total Payments	£33,883.80
Reserves	£20,000
Website	https://dockingparishcouncil.gov.uk
Clerks email	clerk@dockingparishcouncil.gov.uk

I have completed an internal audit of the accounts for docking Parish Council for the year ending 2024.

My findings are detailed below using the tests provided in the Governance and Accountability (England) 2021.

I would like to thank the Locum Clerk/RFO for providing me with all the information required for the Internal Audit

Internal Audit Tests

A. Appropriate accounting records have been properly kept throughout the financial year.
No:
The accounting system now in place is EDGE which is an accounting package that can fulfil the controls and information required by the council and the transactions have been loaded by the current locum clerk. There is no evidence of auditing that has been completed by councillors and payments were not always put in the minutes. Also, there are transactions that lack detail of what payment was for thus not providing the transparency required. There is no way to tell what monies reserves are as no update in minutes after June 23.
Recommendation: A councillor is appointed to provide internal control checks, and appropriate evidence of this kept.
B. This authority has complied with its financial regulation, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.
No
The Financial Regulations have been updated but Standing Orders are not in line with new standing orders despite being reviewed in 2023 and do not contain all the financial and contractual updates therefore the documents do not support each other. It can be evidenced that some but not all payments have been treated properly due to missing information.
Recommendation: That standing orders are reviewed and updated to latest model to ensure consistency with Financial Regulations. In the future council needs to demonstrate that each transaction has been appropriately managed in accordance with the latest model Financial Regulations and Standing Orders.
C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
No
There is a risk assessment on the website, but it has no review date and there has been no evidence of the required annual review in the minutes.
Recommendation: That risk assessment is reviewed annually and evidenced in minutes. Also document should contain approval and review dates.
D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was monitored and reserves were appropriate.
Yes
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.
Yes
F. Petty Cash payments were properly supported by receipts all petty cash expenditure was approved and VAT appropriately accounted for.
Docking does not operate a petty cash system
G. Salaries to employees and allowances to members were paid in accordance with this authorities approval and PAYE and NI requirements were properly applied.
No
Although council use a payroll provider and there is evidence of payments on accounts, I have not seen a clerk's contract so cannot evidence whether pay conditions of employment have been met.
Recommendation. A new contract of employment is produced and approved by the council so that when the new clerk starts this can be implemented.

H. Asset and investment registers were complete and accurate and properly maintained.
Yes
I. Periodic bank account reconciliations were properly carried out during the year.
No
There is no evidence of independent review by members for either bank statement or bank reconciliation.
Recommendation: An internal control policy be drafted, and members appointed to carry out the independent reviews.
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.
No
There is not an adequate underlying supporting audit trail evidenced and therefore appropriately tested.
Recommendation: Council introduces internal controls and accounting methods that ensure the tracking and auditing of transactions and the production of accurate accounts.
K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt
Not applicable
L. Verify that the Council has published, for the prior financial year, all the information as required by the Transparency Code as set out in Annex A of the code.
No
To date the website is missing several documents that are required to comply with the Transparency Code.
Recommendation: Council publish the following documents to website as soon as documents are available: • 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 meeting
M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.
No
Due to issues in the production of documentation and late cancellation by internal auditor the publication date has been missed.
Recommendation: Seek advice from External auditor about publication and book next year's internal auditor through NALC or IAF as they have a pool of auditors should there be issues.
N. The authority complied with the publication requirements for the prior year AGAR.
Yes

Summary

In previous years the council has performed well in its internal audits and it likely that the turnover of clerks and locums is a significant factor in processes not being evidenced for audit.

The introduction of a qualified permanent clerk would facilitate the adoption of recommendations and produce a robust governance system, as it is a breakdown in evidencing processes that has been the issue this year.

Recommendations

A: councillor is appointed to provide internal control checks, and appropriate evidence of this kept.

B: That standing orders are reviewed and updated to latest model to ensure consistency with Financial Regulations. In the future council needs to demonstrate that each transaction has been appropriately managed in accordance with the latest model Financial Regulations and Standing Orders.

C: That risk assessment is reviewed annually and evidenced in minutes. Also, document should contain approval and review dates.

G: A new contract of employment is produced and approved by the council so that when the new clerk starts this can be implemented.

I: An internal control policy be drafted, and members appointed to carry out the independent reviews.

J: Council introduces internal controls and accounting methods that ensure the tracking and auditing of transactions and the production of accurate accounts.

L: Recommendation: Council publish the following documents to website as soon as documents are available:

- 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
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