

# Langham Parish Council

Internal Audit Report

For Langham Parish Council

Financial Year 23 / 24

Prepared by Di Dann, CiLCA , FILCA qualified  
4<sup>th</sup> April – 12<sup>th</sup> May 2024

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I have completed an internal audit of the accounts for Langham Parish Council for the year ending 31<sup>st</sup> March 2024. My findings are detailed below using the tests provided in the **Governance and Accountability (England) March 2024**.

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

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?	See below
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	4/2021
	Date Financial Regulations last reviewed	4/2021
	Has a Responsible Financial Officer been appointed with specific duties?	Yes
	Have items or services above the de minimus amount been competitively purchased?	Yes
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes
	Has VAT on payments been identified, recorded and reclaimed?	Yes (reclaimed to April 2024) See below
	Has s137 expenditure been approved and separately recorded and within statutory limits? (where applicable)	Separate Cash Book column. No s137 payments noted during 23/24
	Are Financial Regulations followed?	See below
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No See below
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	April 2021 See below
	Is insurance cover appropriate and adequate?	Yes

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	Yes See below
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?	At budget time
	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?	No Petty Cash See below
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
	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 2023/24 See below

Internal control	Test	Observations
	Do asset insurance valuations agree with those in the asset register?	Yes. See below
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes See below
	Is a bank reconciliation carried out regularly and in a timely fashion?	See below
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	At year end See below
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?	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	Have points raised on the last Internal Audit report been considered by council and actioned?	Unknown See below
	Policy documents routinely updated?	See below
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes See below
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes – in minutes
	Electors' rights advertised on website?	Yes – see below

Internal control	Test	Observations
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	No – see below
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	No See below
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council put in place a Data Protection Policy? Is it on the website?	No No See below
FOI Publication Scheme	Is there an FOI Publication Scheme? Is it on the website? Is it updated?	No No See below

### An explanation for the “No” Box

**Box M Electors Rights** should be advertised, by the Clerk/RFO, at least one day ahead of the start of the period. (refer Accounts and Audit Regulations 2015 15.3). It is also recommended that the full statement, as issued by PKF Littlejohn, is advertised along with the Notice.

**Clerk to action.**

**Box L The AGAR for 2022/23** has not been published. RFO must ensure that this is done. Other information required under the Transparency Rules has not been published. This includes details of land and buildings owned by the Council (this could be done by including the Asset Register of the website.) The Minutes for the meeting held on 5<sup>th</sup> March 2024 were noted as not being on the website on 7<sup>th</sup> April. Minutes should be on the website within one month.

**Clerk to action.**

### Summary of my recommendations:

#### Last Year Internal Audit Report

While there is reference to the report in Minutes for the May 2023 Meeting, it was noted that recommendations have not been taken forward – the requirement to Balance the Cash Book to the Bank Statement at the half year point; detail within the budget “General Administration” is in fact Salaries; assigning receipt and payments in the cash book to specific headings rather than “Other”.

#### Year End Balances

These should be detailed at year end. Working Balance – half of the needs of the Council for the Year. Earmarked Reserves – noted that the recent donation of the

Trustees of the Lord Cozens-Hardy Estate request that their donation of £5000 should be used specifically for the purpose of the Playing Field. This should be set aside in an Earmarked Reserve. A further Reserve could be allocated for the issues identified in the recent Asset review. Maintain good level of funds in the Business Reserve Account to benefit from current interest rates.

**Action: To identify and agree reserves held at 31<sup>st</sup> March 2024**

**Reason for Variations at Year End.**The Variations Report, for transparency, should include an explanation regarding the Increase in Box 9 – Assets. The Asset figure from the previous year should be crossed through and “Restatement” written beside it. An explanation in the Variation Box should advise that Box 9 has been restated because the assets have been reviewed and asset valuation has been agreed at replacement cost. Please date the Asset register.

**Action: Clerk to add this to the detail of the Year End Variations Page and date Asset Register. Clerk to arrange for the register to be loaded on to the website.**

### **VAT Claims**

Noted that VAT has been claimed up to April 2024. Clerk to note that VAT can be claimed on items purchased which are supported by a till receipt (up to £200). The VAT element of items purchased by councillors on behalf of the Council, could also be claimed if purchase orders are submitted with LPC named included. Refer items ref 1127 and 1137

**Action: Clerk to include 1127 on next Return**

### **Review of documents**

**Financial Regulation and Standing Orders** should be reviewed by the Council This should be done at least every three years unless the law changes.

Items which might need to be added are the handling of cash at fund raising events. Two people should count cash at fund raising events. Check with BHIB insurers that their cash cover is £1000.

**The Risk Management Policy** should be reviewed annually. Items which might need to be included relate to the role which the Council has with LVRG.

**FOI Publication Scheme.** This should be adopted and added to the website. Clerk to download a model Scheme from the ICO website.

### **Data Protection**

The Information Commissioners Officer would recommend identifiable council specific e mail addresses to separate personal e mails from those sent in relation to council work. The Clerk should have a council specific e mail address. The need to have similar for councillors could be seen as unnecessary in a small council like LPC. A Data Protection Policy should be adopted and loaded on to the Council website. The Clerk can obtain a model document from NPTS.

**Action: Clerk to obtain a council specific e mail address for the Council. Council to review documents and adopt a Data Protection Policy and FOI Publication Scheme.**

Di Dann  
12th May 2024