INTERNAL AUDIT REPORT
ACTON, EDLESTON, HENHULL PARISH COUNCIL
2022/23

The internal audit of Acton, Edleston, Henhull Parish Council was carried out by undertaking the following tests as specified by the Annual Governance and Accountability Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion
On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited

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ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
2022/23 internal audit			
No issues arising – a robust set of books and records has been maintained throughout the financial year and all internal control objectives were met.			
Follow up of 2021/22 internal audit recommendations			
1	The gardening services contract was in excess of the threshold for securing three quotations as per the Financial Regulations but no evidence of quotations was provided to us.	*All supplies in excess of the threshold in the Financial Regulations (FRs)for securing quotations must be procured in accordance with the FRs.*	**The lighting contract reviewed in 2022/23 had been subject to quotations**
2	Payroll Issues: - The officer contract of employment is not signed. - The 2021/22 salary payments are not approved in the minutes and payslips are not signed by the Chair as a compensating control.	*The contract of employment should be signed by the employee and employer.* *All payroll payments should be approved by council.*	**Implemented**

	ISSUE	RECOMMENDATION	FOLLOW UP
	The Standing Order established in April 2021 for the clerk salary payments is not approved in the minutes.		
3	Fixed Assets - A number of assets have been added to the register but no dates of purchase are recorded so it is not possible to identify in which financial year they were purchased. - Fixed asset values have been changed with no clear and consistent rationale for the changes eg the bus shelter value has increased to £5000 from £3000, the signpost has increased from £1089 to £2178. - The car park height barrier was purchased in the year and recorded as £2500, however, the net cost of the asset was £1825.	*The fixed asset register is expanding in term so the number of assets owned by the council and the format needs to be improved to include purchase date and the values included must have a clear valuation basis. The asset register currently states insurance replacement cost is the valuation method, but the insurance value of individual assets is not recorded the insurance schedule we were provided with. Asset values should not be changed from year to year without have a clear valuation basis and adopted policy for doing so.*	**Work in progress for the new merged council for 2023/24 to combine the asset register of the two councils.**
4	General reserves are in excess of 100% of the precept. Sector guidance is that	*The council should annually review the adequacy of the level of general and*	**Earmarked reserves are noted by the council in 2022/23 including Cil monies.**

	ISSUE	RECOMMENDATION	FOLLOW UP
	the general reserves of the council should be maintained a level between 25% and 100% of the annual precept.	*earmarked reserves with reference to sector guidance.*	
Follow up of 2020/21 internal audit recommendations			
1	The council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as amended by SI 2020/404 the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 as the public notice announcement date was the same date that the inspection period commenced. The public notice announcement date must be at least one day before the commencement of the inspection period. The authority has not provided evidence that during the previous year (2019/20) it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	*The council must comply with the requirements of the Accounts and Audit Regulations 2015 with respect to the notice for the exercise of public rights.* *In order to review this for 2020/21, we would expect to see a dated computer screenshot showing the first date of the Notice of Public Rights on the website for 2020/21.*	**Implemented**
2	In 2019/20, the Council certified themselves as exempt from a limited	*The Council must ensure that they publish the required documents as*	**Implemented**

	ISSUE	RECOMMENDATION	FOLLOW UP
	assurance review as their gross income and gross expenditure were less than £25,000. A review of the website found that it does not display the following documents required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and The Transparency Code for Smaller Authorities: - Annual internal audit report 2019/20 - Section 1 – Annual Governance Statement 2019/20 - Section 2 – Accounting statements 2019/20 - Analysis of variances - Bank reconciliation	*required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and The Transparency Code for Smaller Authorities.* *For 2020/21 there will be different publication requirements as the Council are not exempt from limited assurance review. The Council must ensure that they comply with the requirements as stated on page 1 of the AGAR.*	
3	The Council made one-off donations of £1000 to the Churchyard and the Parish Hall. We have not seen letters of receipt for either of these donations.	*Letters of receipt should be requested for significant donations.*	**Implemented**
4	The Council's general reserves are in excess of 12 months net revenue expenditure.	*The Council should review their reserves and consider whether they are being retained for ear-marked schemes. If so, this should be approved by Council.*	**2022/23 follow up – earmarked reserves are noted by the council including CIL monies.**

	ISSUE	RECOMMENDATION	FOLLOW UP
			Recommendation Outstanding - See 2021/22 issues
5	The fixed asset register shows no additions and disposals in 2020/21 but the cash book shows a speed gun and a laptop were purchased in the year. Also see issue 2 from 2019/20 internal audit.	*The fixed asset register should be updated annually with all additions and disposals.*	**See 2021/22 issues**
Follow up of 2019/20 internal audit recommendations			
1	The accounts in the AGAR annual return disclose £1688 for staff costs which is the total of net pay. Payroll information indicates £2038 was the 2019/20 payroll gross of tax and there is no evidence in the cash book that any of the deducted taxes have been remitted to HMRC.	*The council should ensure that payroll taxes are remitted to HMRC on a timely basis.*	**Implemented**
2	The fixed asset register shows no additions and disposals in 2019/20 but the cash book shows a printer was purchased in the year.	*The fixed asset register should be updated annually with all additions and disposals*	**See 2021/22 issues**

	ISSUE	**RECOMMENDATION**	**FOLLOW UP**
3	Detailed insurance policy not provided and risk assessment does not state the level of fidelity cover.	*The full insurance policy should be provided for internal audit.* *The level of fidelity cover should be stated in the risk assessment so council can ensure the level of cover is adequate.*	**Implemented**