

**INTERNAL AUDIT REPORT
GREAT BUDWORTH PARISH COUNCIL
2019/20**

The internal audit of Great Budworth Parish Council was carried out by undertaking the following tests as specified on the Annual 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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	ISSUE	RECOMMENDATION	FOLLOW UP
1	Box 8 in the AGAR annual return is incorrect as un-presented cheques of £576 have not been deducted from the bank balances. Box 8 should equal Box 7 which is £24482.	<i>The AGAR annual return should be amended as noted.</i>	
2	No VAT reclaim was received in financial year	<i>VAT should be reclaimed on a timely basis and at least annually</i>	
3	<p>The updated model Financial Regulations refer in section 10.) to a Purchase Order (PO) system (which would also clearly evidence the authority to spend). However, no PO system is currently in place.</p> <p>Section 4.) of the Financial Regulations (FRs) for Authority to Spend require a Chair and the Clerk to certify expenditure up to £500 and a duly delegated committee of the council for items over £500 and the council for items over £5000. However, it is not clear from our internal audit sample testing that the Authority to Spend requirements are applied to all expenditure.</p>	<i>If the Purchase Order section of the FRs is an accepted requirement by council, then the council should establish a sequential Purchase Order system as required by the updated model Financial Regulations and ensure Purchase Orders for expenditure up to £500 are signed by a Chair and clerk, and POs for expenditure in excess of £500 include the minute reference on the PO evidencing the committee/council authority to spend.</i>	
4	No asset register equalling the amount disclosed in the AGAR annual return was provided for internal audit and for the second year in succession no deposit account bank statement was provided with the initial information for internal audit.	<i>Key records should be provided for the internal audit</i>	

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5	The cashbook spreadsheet contains an internal difference between the payments analysis and the 1920 budget sheet of £232.20	<i>The cash book spreadsheet should be reviewed and the £232.20 difference resolved</i>	