

INTERNAL AUDIT REPORT
CHURCH LAWTON PARISH COUNCIL
2021/22

The internal audit of Church Lawton Parish Council was carried out by undertaking the following tests in the AGAR 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
2021/22 internal audit			
No issues arising - all internal control objectives have been met and prior year recommendations implemented.			
2020/21 internal audit			
1	The VAT reclaim document does not contain the VAT number for all listed suppliers. This is a prerequisite to being able to reclaim the VAT from HMRC.	<i>The VAT reclaim should be populated with the VAT numbers of all listed suppliers prior to submission to HNRC.</i>	Issue resolved – the final VAT reclaim contained the supplier VAT numbers manually recorded.
2019/20 internal audit			
1	The council should uses model Financial Regulations (FRs) which refer in section 10.) to a Purchase Order (PO) system. However, no PO system is currently in place.	<i>If the Purchase Order section of the model FRs is an accepted requirement by council, then the council should establish a sequential Purchase Order system.</i>	Noted – the clerk has confirmed purchase orders are used where deemed appropriate
2	The asset register does not contain a column for date of purchase (month and year), therefore, it is difficult to identify in which financial year additions and disposals occurred.	<i>The asset register format should be improved as noted.</i>	Implemented

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2018/19 internal audit			
1	The current fixed asset register contains two columns, one for original cost and the other for valuation. The total of the valuation column is included in the AGAR annual return	<p><i>The Practitioners' Guide recommends that assets should be valued at purchase cost or an insurance proxy if that isn't known (that doesn't change over time), therefore, the only movement in fixed assets each year should be for additions and disposals and all additions should be at purchase price.</i></p> <p><i>The council should ensure that where possible the original purchase cost is disclosed in the AGAR annual return.</i></p>	Implemented
2	The memorial hall donation of £2000 is not supported by a signed confirmation of receipt.	<i>Signed confirmations of receipt should be secured for all significant donations.</i>	Implemented
3	No VAT reclaims were received during the financial year.	<i>VAT should be reclaimed on a timely basis</i>	Implemented